

**POLITICS OF AGRICULTURAL COOPERATIVES  
IN ANDHRA PRADESH  
A STUDY OF WEST GODAVARI DISTRICT ✓**

Dissertation submitted to the Jawaharlal Nehru University  
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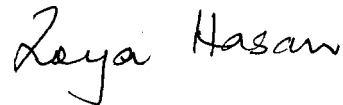
**DECLARATION**

**Certified that the dissertation entitled  
"Politics of Agricultural Cooperatives in Andhra  
Pradesh : A Study of West Godavari District",  
submitted by Venkata Vijaya Babu Kastala, for  
the award of the degree of Master of Philosophy  
has not been previously submitted for any other  
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## ABBREVIATIONS

CLP	Congress Legislative Party
CM	Chief Minister
CPI	Communist Party of India
CPI (M)	Communist Party of India (Marxist)
CRB	Cooperative Rural Bank
DCCB	District Cooperative Central Bank
DCMS	District Cooperative Marketing Society
GP	Gram Panchayat
HYVP	High Yielding Variety Programme
IADP	Intensive Agricultural District Programme
INC	Indian National Congress
KMPP	Kisan Mazdoor Praja Party
LSCS	Large Sized Cooperative Society
MLA	Member of Legislative Assembly
MLC	Member of Legislative Council
MP	Member of Parliament
MPCS	Multi Purpose Cooperative Society
PACS	Primary Agricultural Cooperative Society
PALCOS	Palcole Cooperative Sugars Ltd
PCADB	Primary Cooperative Agricultural Development Bank Ltd
PCMS	Primary Cooperative Marketing Society
PCC	Pradesh Congress Committee
PS	Panchayat Samiti
WESCOS	West Godavari Cooperative Sugars Ltd
ZP	Zila Parishad

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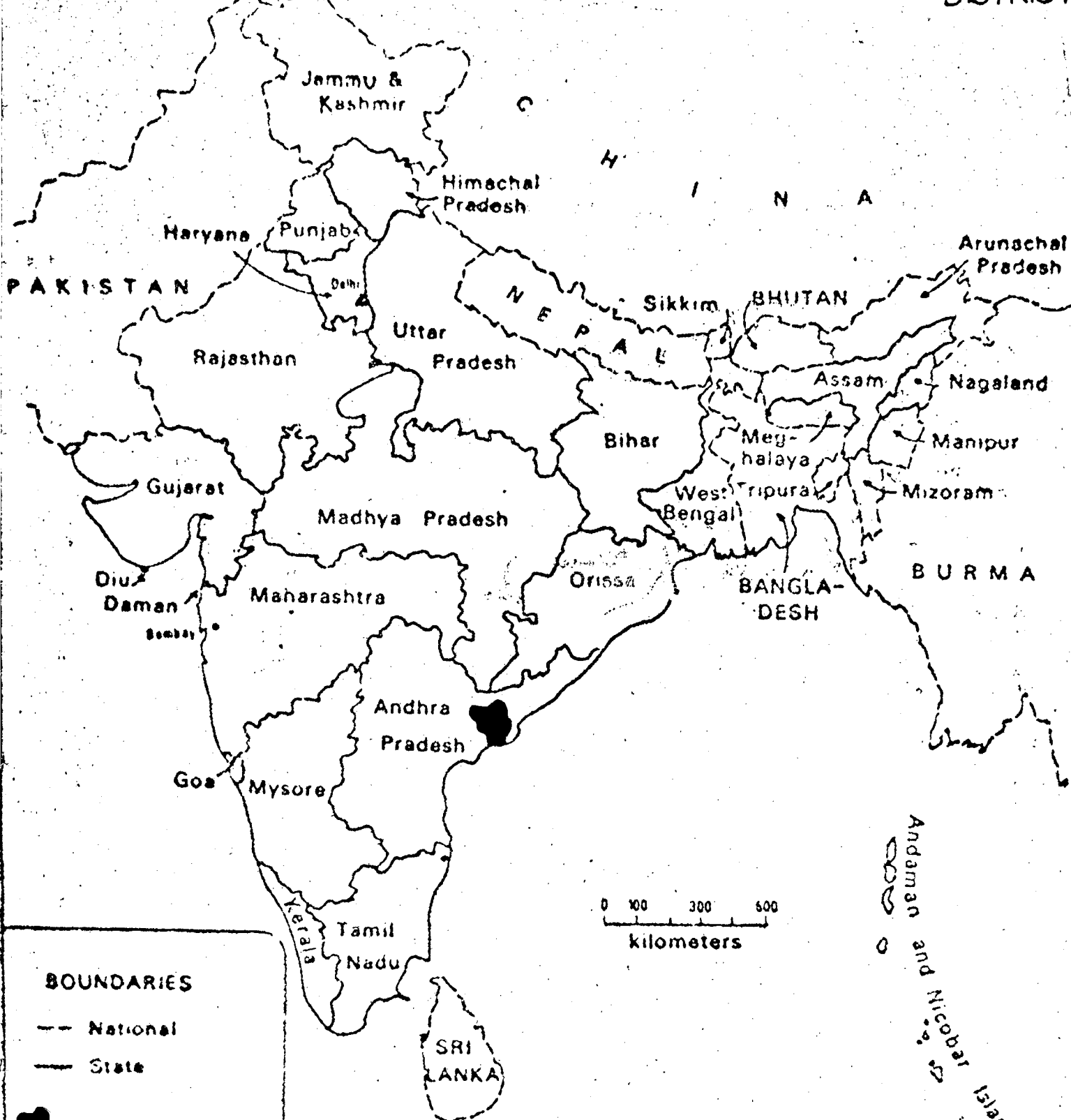
CHAPTER ONE

INTRODUCTION

# INDIA

## STUDY AREA - WEST

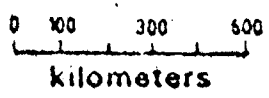
### GODAVARI DISTRICT



**BOUNDARIES**

- National
- State

**STUDY AREA**



Andaman and Nicobar Islands

A change in the power structure is inextricably linked with changes in the economic structure, which in turn, has a bearing on the social ethos. Consequently, an understanding of the dynamics of political processes in rural India requires an analysis of socio-economic relationships and of institutions such as the agricultural cooperatives and Panchayat Raj institutions, which are important elements of economic and political power at the grass root level.

Strictly speaking, the politicization of agricultural cooperatives in India is a post-independence phenomenon. With the adoption of a democratic political system based on universal adult franchise, the ruling classes as well as modern political parties need to seek legitimacy for their leadership from the vast masses in a new political framework. As cooperatives deal with vital economic interests of agricultural classes, the political leadership naturally viewed the cooperative structure as an effective link between them and the voter. After the launching of the Intensive Agricultural District Programme (IADP) and High-Yielding Variety Programme (HYVP) the cooperatives received valuable resources which made them extremely significant centres of power in rural areas. The introduction of Panchayat Raj system not only generated new political forces in rural India but also accentuated

this process. In the post-independence context, the cooperatives and Panchayat bodies are viewed as important centres of power.

The demands of democracy and economic development induced the political leadership to seek control of the agricultural cooperatives in order to increase their patronage and to deprive their rivals of power and legitimacy. What is more striking is that in the process of discriminatory distribution of loans, fertilizers and services, the political leadership of cooperatives shapes the course and nature of development. This, in turn, created new horizontal and vertical alliances for purposes of political advancement.

Thus, the political involvement of cooperatives had wider implications for the economic and political processes in West Godavari district. In this context the study of politics of agricultural cooperatives assumes validity as well as relevance in so far as cooperatives are used as instruments of political power and economic development.

### Review of Literature

Before reviewing the literature it is important to discuss the major arguments on the relationship between



politics and cooperatives as it is relevant and pertinent to the later discussion.

Many views have been expressed on the relationship between politics and cooperatives. These can be broadly divided into four major arguments. These arguments differ from one another on many basic issues and their divergent opinions could be presented as follows.

There are some who consider politics and cooperatives as two different poles which have nothing to do with each other. Stressing the 'political neutrality of cooperatives' - regarded as a cardinal principle of cooperation they criticize the politicization of cooperatives. According to this view politics involves a certain degree of conflict and competition; hence political involvement of cooperatives distorts the very principles for which the cooperatives stand. James Peter Warbasse and Dubhashi are the major exponents of this view. Warbasse wants cooperators to refrain from taking cooperatives into politics; otherwise, he warned, cooperatives would be 'tails of political kites'.<sup>1</sup> In a similar vein, Dubhashi opines that politics should be completely eschewed from the working of cooperative institutions which are essentially to

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1 Warbasse, James Peter, 1947. Cooperative Democracy, Harper & Brothers Publications, New York, pp.159-64.

function on business lines.<sup>2</sup>

In sharp contrast to these views, several writers have argued that politics should play an active role. These include, Karve, Saxena and Taimini. According to Karve, "it is in fact injurious both to the cooperative ideals and cooperative interests to say that they should or can be neutral to political activities".<sup>3</sup> Saxena argues that "a cooperative can become a powerful instrument for national reconstruction if the cooperators build up a political ideology and a united political front either by creating a separate cooperative party, or through political alliance with some party".<sup>4</sup> Taimini warns that if political elements are barred, it is almost certain that cooperatives will fall an easy prey to state bureaucrats and the party in power.<sup>5</sup>

Unlike the first argument which stresses greatly on principles, the exponents of this view argue that there is a parasitic relationship between politics and coopera-

- 2      Dubhashi, P., The Agricultural Challenges of 1980 Cooperation, Cooperative Perspective, April 1976, vol.11, No. 1, p. 12
- 3      Karve, D.G., 1968, Cooperation : Principles and Substance, Asia Pub House, Bombay, pp. 8-9
- 4      Saxena, K.K., 1974, Evolution of Cooperative Thought, Somaiya Pub Ltd, Bombay, p. 55
- 5      Taimini, K.K., Vested Interests in Cooperatives, The Tamilnadu Journal of Cooperation, January 1973, vol. LXIV, Nos. 6 & 7, p. 311

tives; so political involvement is detrimental to the growth of the movement. Daniel Thorner, Arvind Das, V. Nilakant and N. Mohanan adhere to this view. Thorner fears that in the process of politicization, cooperatives would become 'political footballs'.<sup>6</sup> Mohanan opines that as long as political involvement dominates cooperatives, the prospect of cooperatives delivering the goods will indeed be bleak.<sup>7</sup>

On the other hand, there are those who argues that political involvement is inherent in cooperative structure and cooperatives and politics have a 'symbiotic relationship'. Baviskar is the chief exponent of this view.<sup>8</sup> In fact, he explains the successful functioning of sugar cooperatives in Maharashtra to their politicization.

## II

Daniel Thorner was perhaps the first social scientist to study the impact of politics on the growth of cooperative movement in India. He visited 117 agricultural cooperatives scattered all over India from December 1958 to June 1959. His conclusion was that impact of politics upon the cooperatives had been 'heavier and more direct'. He also noticed that "in the field of cooperation, the coastal Andhra was a

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6 Thorner, Daniel, 1964, Agricultural Cooperatives in India: A Field Report, Asia Pub House, Bombay, p.11

7 Mohanan, N., Leadership in Agricultural Cooperatives, Eastern Economist, vol. 66, No.23, June 4, 1976, p.12

8 Baviskar, B.S., 1980, The Politics of Development, Oxford Univ Press, Delhi

'land of extremes' and the cooperative movement was permeated with politics and certainly by politicians". He also found that the centre of the biggest cooperative operations had been dominated by one or more MLAs and he called the phenomenon as EMMELAITIS. He expressed fears that in this process of politicization, the cooperatives might even become 'political footballs'.<sup>9</sup>

During the last decade a few but important studies analysed the relationship between politics of Maharashtra and sugar cooperatives.<sup>10</sup> The dominant theme of these studies was that the sugar cooperatives were an important source of political power in rural Maharashtra and the politics of cooperatives was organised through competition among rival factions in the Congress Party.

Of these studies, Baviskar's work was a useful account of 'factional politics' in Maharashtra. He boldly argued in favour of political involvement of cooperatives. He observed that there was a symbiotic relationship between cooperatives and politics and the politics of cooperatives

9 Thorner, Daniel, Op Cit, pp.11 and 81-83

10 Carras, Mary C., 1972, The Dynamics of Indian Political Factions, Cambridge Univ Press, Cambridge

Carter, Anthony T., 1975, Elite Politics in Rural India, Vikas Pub House, Delhi

Baviskar, B.S., Op Cit.

was the politics of development. Citing the example of Kopergaon sugar factory, he concluded that the political neutrality of cooperatives was neither possible nor desirable, and that the sharp rivalry among political leaders to capture positions of power would act as a constraint on the abuse of power to overcome the problem of corruption.<sup>11</sup>

Aravind Das and V. Nilakant, in their study,<sup>12</sup> explained the process of subversion of Purnea District Cooperative Central Bank in Bihar. They observed that this Bank was popular as 'NETA KA BANK' owing to the fact that several members of the board of directors were prominent politicians of the region. They also remarked that the ultimate result of this political dominance was that the DCCB was not regarded as a cooperative institution in the proper sense.

Ravindra Prasad studied the political and administrative process of 'Konda' District Cooperative Central Bank in Andhra Pradesh. Though he laid much emphasis on the administrative processes of the Bank, he also analysed the struggle for controlling the Bank by the rival factions

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11 Baviskar, B.S., Op Cit, pp. 4, 7 and 190

12 Aravind N. Das., and Nilakant. V., 1979, Subversion of a Cooperative Institution, In: Aravind Das and Nilakant, (Ed.), 1979, Agrarian Relations in India, Manohar Publications, New Delhi, p. 130

of Congress party in Warangal district. He showed that the administration of the DCCB was hit hard and a Primary Cooperative society under its purview was deprived of its legitimate share of credit for the reason that the latter was dominated by a rival political faction.<sup>13</sup>

L.R. Rao, concentrated more on the structure and growth of cooperative movement in Andhra Pradesh, neglecting the political processes which decisively influence the very functioning of these rural institutions.<sup>14</sup> Despite this heavy bias, he pointed out that due to the common leadership and membership of the cooperative societies and of Panchayat bodies, cooperatives was a hot bed of politics and mutual bickerings in the state.

K. Seshadri, analysing the "Agricultural Administration in Andhra Pradesh", noted the political control over cooperatives in West Godavari. He observed that the agricultural cooperatives had been used as 'the springboards' of power to jump into prominence.<sup>15</sup>

Parthasarathy, while assessing the progress of high-yielding varieties programme in West Godavari district,

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- 13 Ravindra Prasad, D., 1978, Cooperatives and Rural Development, Book Links Corpn., Hyderabad, pp.163-185
- 14 Rao, L.R., 1975, Rural Cooperatives, (A Study with reference to Andhra Pradesh) Sultan Chand & Sons, Delhi
- 15 Seshadri, K., 1974, Agricultural Administration in Andhra Pradesh, Popular Prakashan, Bombay.

clearly mentioned the importance of a cooperative credit society in a village economy and its importance to various agricultural classes.<sup>16</sup> He analysed how the control of the village cooperative credit society in Pedapulluru village by the big farmers became an obstacle in adopting the high yielding varieties by the small and marginal farmers. According to him, the non-participants in the HYVP were small farmers who had essentially no access to cheap institutional credit from the 'kshatriya dominated cooperative' and were the farmers who missed out when there were shortages of inputs.

However, most of these studies concerned as they are with particular cooperatives do not take into account the overall impact of cooperatives on the economy and politics of the districts. More particularly, they do not analyse the role of cooperatives in widening the political process and ultimately in generating political consciousness through participation in various ways in cooperative activity.

As such, there is no study on any of the IADP districts in India where agricultural cooperatives play a vital role. The studies of cooperatives in Andhra Pradesh are more concerned with administrative than political aspects of cooperatives.

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16 Parthasarathy, G., West Godavari : Andhra Pradesh, In: Changes in Rice Farming in Selected Areas of India, IRRI, Philippines

### PROBLEM

The present study is an enquiry into the process of politicization of agricultural cooperatives and the impact of this phenomena <sup>on</sup> the socio-economic and political processes of West Godavari district.<sup>17</sup>

The politicization of agricultural cooperatives can be defined as the process of bringing cooperative institutions into the political arena. This has often been done in two ways: Political leaders directly occupy and control these societies or powerful but independent cooperative leadership enter active competitive politics with the support of leading political parties. Either way cooperatives provide leaders with an instrument of political access to the people. They use cooperatives to climb up the political ladder. Apart from being instruments of power, cooperatives in the government scheme of things aim to create opportunities for the weaker sections. In other words, cooperatives should act as instruments of 'distributive justice' particularly so in the absence of agrarian transformation. But the reality is quite different from the theory of cooperatives. Cooperatives were hampered precisely because of the inequitous power structure whose disadvantages for the

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17 For further details, see, Appendix I and II



oppressed they were supposed to offset. In the ultimate analysis cooperatives strengthened exploitative structures in the countryside. This fact was recognised by the Second Five Year Plan, which observed:

"There is a close relationship between the success of land reforms and the success of (agricultural) cooperation, is not always appreciated. For (agricultural) cooperation to succeed fully it is essential that the reorganization of the agrarian structure should be carried out speedily ...."<sup>18</sup>

But with the adoption of an 'open political system' where legitimacy of a government essentially depends on electoral performance, the successive Congress governments, both at the centre and state levels are reluctant to disturb the existing agrarian structure to generate fundamental and basic changes in the countryside, because the land lord and rich peasant classes form the backbone of the Congress party at state level. While the Congress has exploited the influence of these classes over the masses to mobilise support for the Party, these classes have used the political system for their own interests and have obtained many concessions ranging from immunity from income tax on agricultural income to the high level ceiling limits. Yet as the party committed to the creation of a socialistic pattern of society, the Congress Party cannot overlook the

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18 Second Five Year Plan, Planning Commission, Government of India, pp. 222-223

problems of acute poverty, under-employment and unemployment which in long run affect economic development. Agricultural production, in particular, suffers because of the existing socio-economic organization. Thus, the sociological questions cannot be discounted by the government even if the aim is only to increase productivity. Consequently, the Congress government has recognised the special significance of cooperatives and made them a crucial part of the National Five Year Development Plans. Strengthening these institutions, cooperation has been regarded as a remedy for many of the problems. Indeed it has been posed as an alternative to social transformation or atleast a compensation for the lack of change.

Because of the food crisis in the mid-sixties, the Congress government set aside the objective of social justice and instead focussed on improvements in agriculture and increased productivity. Rich peasants and landed classes were the centre piece of the new scheme because they could make financial investment necessary for agricultural development. By now, government seemed to have postponed plans of distributive justice. The Intensive Agricultural District Programme (IADP) and High Yielding Variety Programme (HYVP) was the outcome of the new strategy for agriculture. Cooperatives formed an important element of the strategy which required these institutions to provide credit and other facilities for agricultural development. Thus, the IADP and

HYVP suddenly transformed the nature and functioning of co-operatives from instruments of social justice to agencies of agricultural development and production. It is this change in character of cooperatives which hastened the process of politicization of cooperatives as they became 'important arenas' by virtue of their control over vast amounts of resources.

For this reason, the problem of politicization of cooperatives becomes an extremely important area of analysis after the introduction of IADP. This study is concerned to investigate why and how cooperatives are used by various political groups and parties. It seeks to examine the origin, growth and phases in cooperative activity in Andhra Pradesh, particularly in West Godavari district. It seeks to explain the relationship between Congress party and co-operatives. These two aspects highlight the role of cooperatives both in party politics and accounts for the enhanced power and prosperity of rich peasant classes.

#### OBJECTIVES

The important objectives of the study are:

- (i) to understand the role of political parties and individuals in the process of politicization of agricultural cooperatives;
- (ii) to explain how these societies have been used as spring-boards of power to jump into prominence;

- (iii) to assess the effect of overlapping leadership and membership of cooperative institutions;
- (iv) to examine the impact of politicization on the growth of cooperative movement;
- (v) to understand the symbiotic relationship between the rich peasants and Congress party;
- (vi) to understand the part played by politicized cooperatives in accentuating class differences in rural areas; and
- (vii) to analyse the role of political ideology of cooperative leadership on the mode of functioning of cooperatives.

#### AREA OF ANALYSIS

The present study is concerned with West Godavari district of Andhra Pradesh. West Godavari is the microcosm of Andhra Pradesh. In development, the district with its three natural regions, viz. delta, upland and agency represents the three unequally developed regions of Andhra Pradesh (Coastal Andhra, Rayalaseema and Telengana). Socially, all important castes of the state live in the district. Most importantly, however, the three decades of democratic political process in West Godavari broadly conforms to the pattern of political processes at the State level.

Besides, the district has also been chosen because:

- (i) it is one of the first districts in India and the only district in Andhra Pradesh to be selected for the implementation of the IADP;
- (ii) it is one of the 'more successful' districts among the package districts;
- (iii) it has a long history of cooperative movement which goes back to 1916;
- (iv) the district has well developed institutions like cooperatives and panchayats;
- (v) it was the only district in the state where cent per cent villages were covered by cooperatives as early as 1961;
- (vi) it is the district in Andhra Pradesh where the per centage of rural population served by cooperatives is the highest; and
- (vii) the agricultural cooperatives like credit, marketing and processing societies have got a new significance in the economy of district after being chosen for the implementation of the package programme.

#### The Selected Cooperatives for Intensive Study

After extensively touring the district to understand the political and economic undercurrents of a number of cooperative societies, some basic information was collected regarding the politicization process of these societies.

seven  
 After this, cooperative societies were selected for an intensive study. The selected cooperatives reflect the structure and politics of the majority of cooperatives in Andhra Pradesh. The following reasons have, of course, influenced the selection of the above mentioned seven cooperative societies.

The first and foremost reason is the importance of studying politicization process covering credit, marketing and processing societies - the three main kinds of agricultural cooperatives in West Godavari. Hence four credit (of them, two PACS, one ADB, and one DCCB) two marketing (one PCMS, and one DCMS) and one processing (sugar cane) societies were selected.

#### A. Credit Societies

- (1) The District Cooperative Central Bank Ltd., Eluru, (DCCB)

The DCCB is the centre piece of the new agricultural strategy. The Bank channelizes short-term credit to primary societies in six out of eight taluks of West Godavari. Of the three District Central Banks functioning in West Godavari, only the ~~purvian~~ DCCB, Eluru, falls entirely in the district. Hence it has been selected to understand the impact of district level politics on the functioning of the Bank. More importantly, the Bank has been selected to

TABLE 1The Selected Agricultural Cooperatives for Intensive Study in West Godavari.

S. No.	Name of the Society	Year of Inception.	Location	Line of Operation	Level of Operation
(1)	(2)	(3)	(4)	(5)	(6)
1.	District Cooperative Central Bank	1918	Eluru	Credit (Short & Medium Term)	District
2.	Mrutyunjaya Cooperative Rural Bank	1917	Achanta	do	Village
3.	Gundugolanu Large sized Cooperative Society	1916	Gundugolanu	do	do
4.	Eluru Cooperative Agricultural Development Bank	1930	Eluru	Credit (long term)	Taluk
5.	Tanuku Cooperative Marketing Society	1947	Tanuku	Marketing	do
6.	District Cooperative Marketing Society	1942	Eluru	do	District
7.	Palcole Cooperative Sugars	1955	Poolapalli	Processing (Sugar cane)	Supra Taluk

study the phenomena of Congress dominance over the Bank which was controlled by independent cooperative leaders in early fifties.

- (2) and (3) The Murutyuniava Cooperative Rural Bank (CRB) and the Gundugolanu Large Sized Cooperative Society (LSCS)

These two societies are selected for the intensive study because of the following reasons:

- (a) both are premier societies in the district started in 1917 and 1916, respectively;
- (b) their size of area of operation is almost same, and the functions and patronage are equal;
- (c) geographically, the CRB is located at a distance of more than hundred miles from the DCCB and the LSCS being 14 Kms away from the DCCB;
- (d) on the business continuum they are placed at two different ends - one is among the best societies in the State and the other being in the state of dormancy; and the last and the most important reason is that
- (e) both the societies are being equally politicized and these societies have been controlled by two different political parties - one being in the hands of the opposition party and the other in the hands of the ruling party.

It is assumed with these basic similarities and dissimilarities, it could be possible to analyse the impact of



political ideology on their mode of functioning.

(4) The Eluru Cooperative Agricultural Development Bank Ltd. Eluru (ADB)

The Eluru ADB provides long term credit to the farmers in Eluru taluk, a partly delta and partly upland region. It is one of the premier societies in Andhra Pradesh. The Bank extended the largest amount of loans in the district. Above all successful functioning of the Bank with its very low overdues position and the uninterrupted hold over the Bank by a Congress leader since 1949 are quite interesting. Hence the Bank has been selected to know whether there is any relationship between the two phenomena.

B. Marketing Societies

(5) The Tanuku Cooperative Marketing Society Ltd., Tanuku (TCMS)

The TCMS covers the entire Tanuku taluk, the most fertile taluk of the district. It has been controlled by an industrialist-cum-zamindar and his family members since its inception. The leadership has taken their work in this society as complementary to other economic activities. For example, a private sugar factory controlled by this family is situated in the area of operation of the TCMS. So the society has been selected to investigate whether it is being controlled to serve their economic interests.

(6) The District Cooperative Marketing Society Ltd. Eluru. (DCMS)

The DCMS, Eluru, is the only organization coordinating all marketing activities in West Godavari. The package programme has made it an 'important economic organization' due to its monopoly over fertilizer distribution. Consequently, it has become a strategic political institution in the district political system. The presence of Congress MPs and MLAs on various Boards and the changes in the leadership of DCMS in the wake of introduction of IADP similar to the changes at the state level Congress leadership have influenced the selection of DCMS.

C. Processing Societies

Paddy and sugarcane processing societies are the two main kinds of processing cooperatives in West Godavari.

There were nine cooperative paddy processing societies and two sugarcane cooperatives in the district. Of the nine paddy cooperatives, eight were being affiliated to primary cooperative societies and only the Modern Rice Mill, Tadepalligudem had an independent elected board to conduct the affairs of the society. Even this society had only one elected Board of Directors and the Board soon after getting elected had given the Mill for hire milling and political activity became sluggish soon. Therefore,

no paddy processing society has been selected for the intensive study. Consequently, out of the two cooperative sugarcane processing societies one has been selected.

(7) The Palcole Cooperative Sugars Ltd.,  
Poolapalli (Palcos)

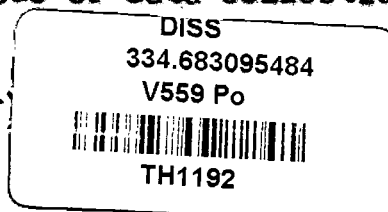
The Palcos has been selected because it was formed earlier than other cooperative sugar society in the district; the reserved zone of the factory is in broad congruence with the Narasapur Parliamentary constituency and it includes Bhimavaram taluk which is not being served by the DCCB, Eluru. More importantly, the location of Palcos in the midst of paddy fields, the control over it by nominated Congress Boards for a decade and later passing of power into the hands of District Congress President have influenced the selection.

OUTLINE OF THE STUDY

The present study is an attempt to understand the process of politicization of agricultural cooperatives and its impact on the course of development brought about by these societies in West Godavari. The dissertation spreads over six chapters. A synoptic review of the available and relevant literature and its limitations; details of the problem and sources and methods of data collection are discussed in the first chapter.



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The second chapter is devoted to a description of the socio-economic setting. The socio-economic and political processes in the district are analysed in detail because the problem cannot be fully comprehended without it.

In the third chapter, the origin and growth of co-operative movement and cooperative structure is described in detail. Apart from it, the role of cooperatives in choosing the district for implementation of the IADP and its impact on the development of the cooperative movement is analysed at length.

In the fourth chapter, the focus is on the relationship between politics and cooperatives. The role of political parties and individuals in politicizing the agricultural cooperatives and their exploitation of these societies to strengthen and expand their political bases has been examined. The process of political involvement of the DCCB, the DCMS and the Palcos, the relationship between the Congress party and the cooperative leadership and the impact of factionalism in the Congress on these cooperatives and vice-versa has been analysed.

In the fifth chapter, an attempt has been made to bring out the relationship between caste, class and political ideology of cooperative leadership and the type of economic development brought out by these cooperative societies. The

impact of politicization of cooperatives on the multi-structured rural economy and the delicate balance between the use of cooperatives as instruments of political advancement and institutions of economic development has also been discussed. The impact of the nature of political ideology of cooperative leadership, the modes of political mobilization and patterns of coalition building on the working of the Gundugolanu LSCS and the Achanta CRB has been analysed. The exploitation and subversion of the Eluru ADB and the Tanuku CMS by the cooperative leadership which has other social and economic interests in controlling the cooperatives has also been examined.

And finally, the sixth chapter is devoted to conclusions. It is argued that political involvement of cooperative leadership is inevitable when political leaders use them as effective links between them and the voter and the nature of development brought about by these societies is determined by the class and political ideology of cooperative leadership.

#### SOURCES OF DATA

After going through the existing literature, on theory of cooperation, on the cooperative movement in India, the following primary and secondary sources were consulted to trace the socio-economic and political process in the district:

census reports, village monographs, Agricultural Census Reports (1953-54 and 1976-77), Election Commission Reports, Assembly Debates, a few articles and books and other relevant local magazines and newspapers. Apart from studying the Andhra Pradesh Cooperative Societies Act of 1964, its rules and regulations, for data on the origin and growth of cooperative movement in the district, the District Gazetteers (both 1934 and 1974 editions); Annual Reports on the Administration of the Madras Presidency (from 1925-26 to 1953-54), Annual Reports on the working of cooperative societies, Andhra Pradesh (from 1956-57 to 1975-76), the 'Bench Mark Survey' and other reports of the IADP Office, Eluru, and the souvenirs of the Agricultural Information Unit (AIU), Eluru were consulted.

#### METHODS OF DATA COLLECTION

However, due to the exploratory nature of the problem, the field trip constituted the main source of data collection. Firstly, Annual Statements and Statements of Accounts, Byelaws, Minute Books and Loan Registers of the selected cooperative societies were carefully examined.

Keeping the inadequacy of the existing literature and compulsions of time qualitative techniques for data collection were used during the two field trips, in 1981. The first trip was in May-June 1981. The period was a hectic

period of local politics as the elections to various Panchayat Boards were conducted after a lapse of eleven years. The second and final trip spread over three months from September and December. It was again a hectic period of local politics when different cooperative societies went to polls after they were being managed by officials for a period ranging about three to five years. The elections to these societies were being fought with vehement passions as they soon followed the Panchayat elections and rival factions trying to settle the scores. Thus these two elections whipped up political factionalism in the district. The field trips immensely helped in getting a comprehensive view of the past and present political alignments and political factions in the cooperative movement. In all a period of about five months was spent on the field of work.

Since structured questionnaire method was not useful for this study, the interview method was followed during the field trip. Informal interviews were conducted with the authorities of the IADP, AIU, District Cooperative Office, and three divisional cooperative offices. A large number of Presidents, Board of Directors, of Cooperatives and Panchayats, local political leaders, Legislators, Members of Parliaments were also interviewed. The interviews were of unstructured and non-random. During the second field trip, the method of 'participant Observation' was also adopted and it greatly helped in perceiving the politico-economic

under-currents and other major issues that dominated election campaigns of various cooperative societies. To elicit the 'real' motives of cooperative leadership 'adverse-probing' technique was used. This method of cross checking the respondents and officials helped to trace the 'latent' intentions of politico-cooperators.<sup>19</sup>

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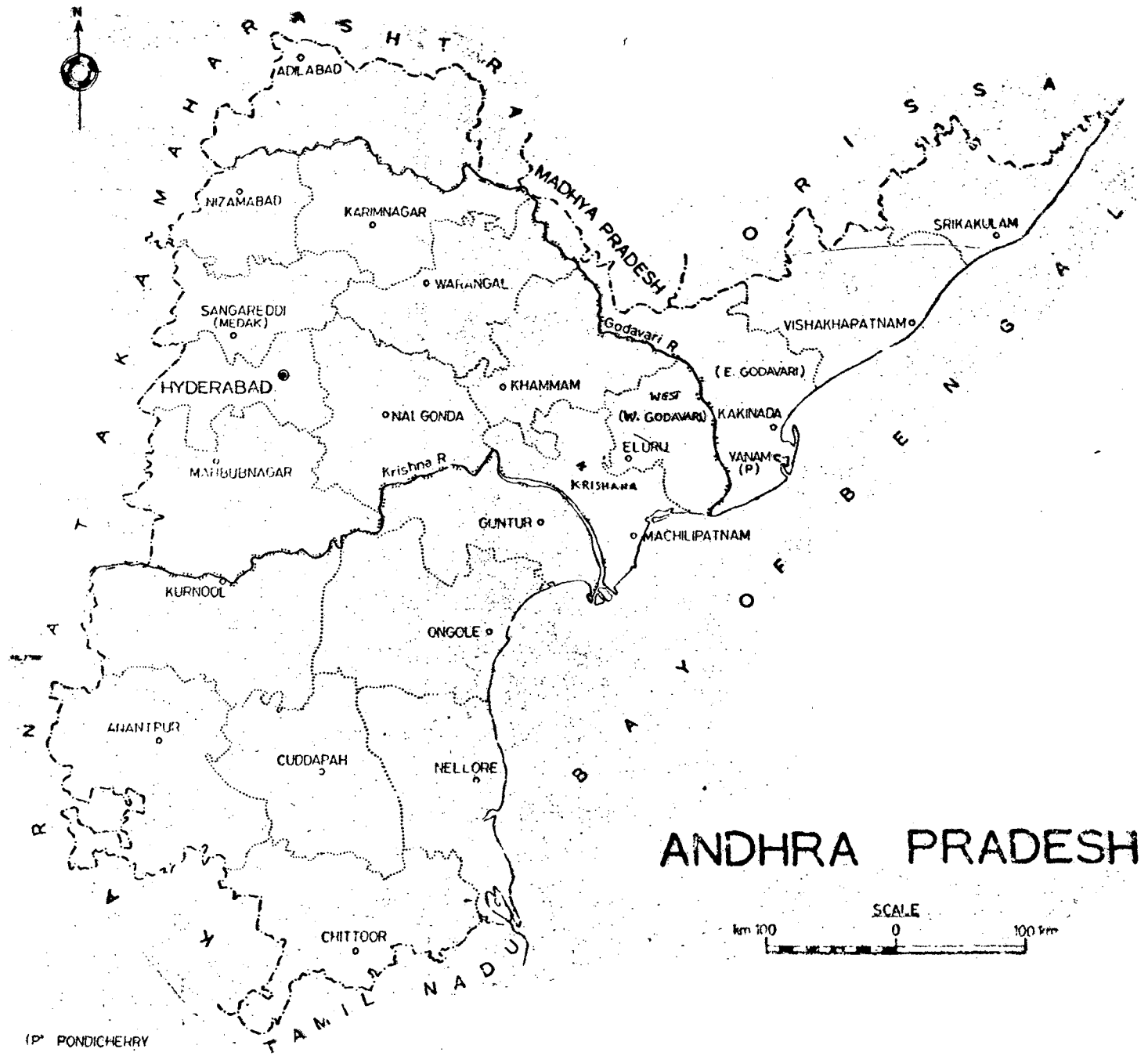
19 It is used to denote the group of political leaders who exploited cooperatives as instruments of political advancement. See, Appendix III



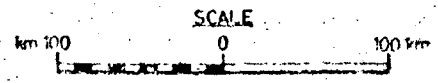
CHAPTER TWO

SOCIO - ECONOMIC AND POLITICAL

PROFILE OF WEST GODAVARI

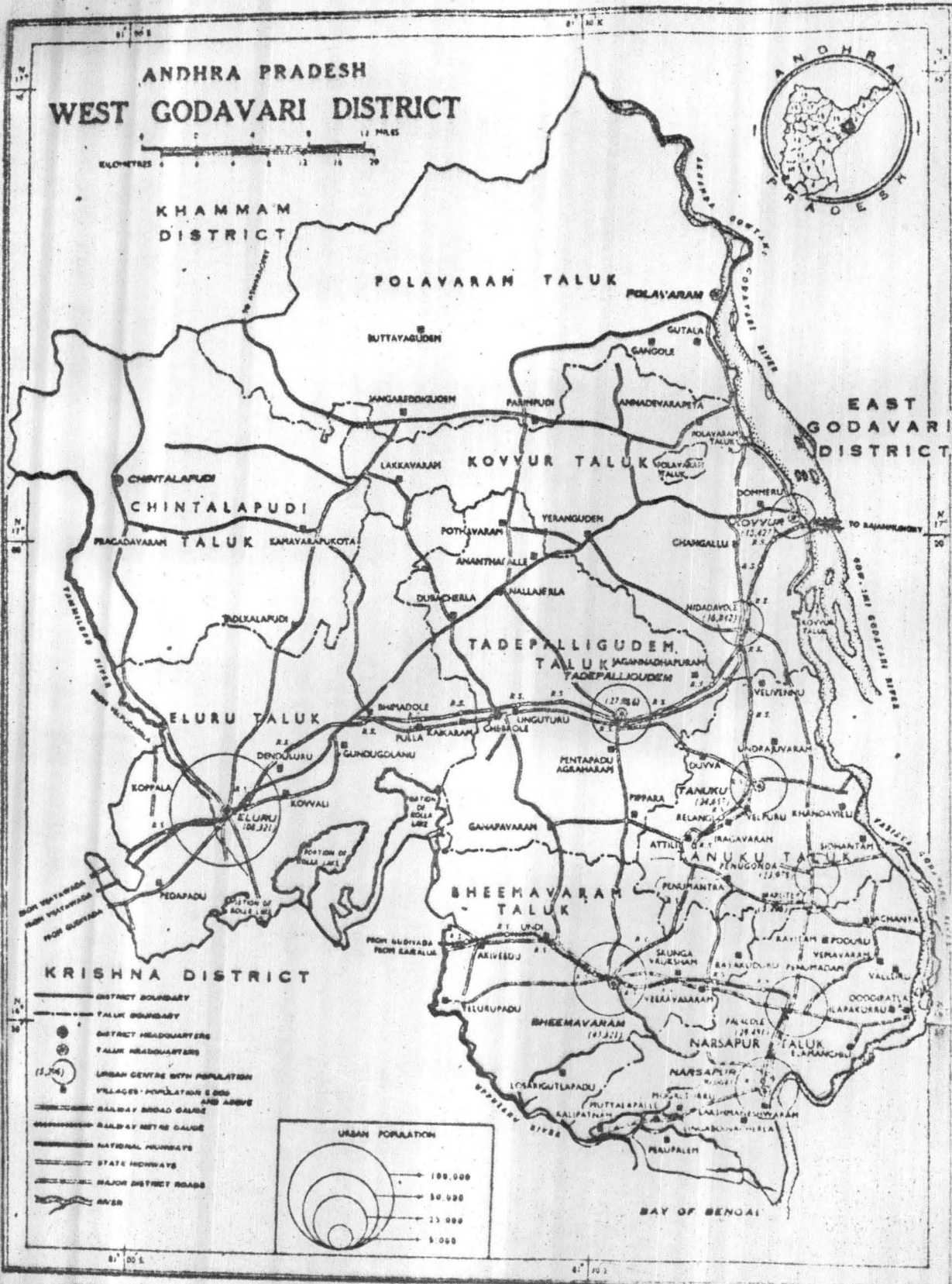


# ANDHRA PRADESH

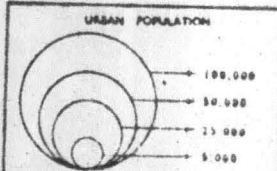


(P) PONDICHERRY

# ANDHRA PRADESH WEST GODAVARI DISTRICT



- DISTRICT BOUNDARY
- TALUK BOUNDARY
- DISTRICT HEADQUARTERS
- TALUK HEADQUARTERS
- (1,234) URBAN CENTRE WITH POPULATION
- VILLAGES - POPULATION 5,000 AND ABOVE
- RAILWAY BROAD GAUGE
- RAILWAY METRE GAUGE
- NATIONAL HIGHWAYS
- STATE HIGHWAYS
- MAJOR DISTRICT ROADS
- RIVER



81° 00' E

81° 30' E

West Godavari, situated to the west of river Godavari, is a prosperous agricultural deltaic district of south coastal Andhra Pradesh. Divided into eight taluqs covering an area of 7780 sq. kms., the district is the smallest among the coastal districts of Andhra Pradesh.<sup>1</sup>

The district can be broadly divided into three different natural regions - the delta, the upland, and the agency tract. The delta comprises of two segments, namely, the Godavari western delta, and the Krishna eastern delta consists of the taluqs of Tanuku, Narasapur, Bhimavaram and parts of Eluru and Tadepalligudem. The upland region constitutes the taluks of Kovvur, Chintalputi and the rest of Eluru and Tadepalligudem. The Polavaram taluq is in the agency tract. The delta area is endowed with potentialities of rich agricultural production, while the upland region lying between the delta area and the agency tract is relatively less fertile and less irrigated. The striking features of the agency tract are high proportion of area under forests, high degree of rainfall, large proportion of Scheduled Tribes and low density of population.

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1 The eight taluqs are: Eluru, Chintalputi, Polavaram, Kovvur, Tanuku, Narasapur, Bhimavaram and Tadepalligudem. The district was carried out of the old Krishna district on 15 April 1925 and the taluq of Polavaram was transferred to this district from East Godavari on 18 October 1942. Eluru is the district Head Quarters.

The West Godavari district is thickly populated representing nearly 5.5 per cent of the State's population. According to the 1971 Census, the total population of the district was 23,74,306. There are altogether 880 villages<sup>2</sup> where nearly four-fifth of the population, approximately 15,53,921, live. In addition there are ten towns,<sup>3</sup> as detailed in the census, with a population of 4,20,385. Out of these seven are located in the delta region, while the remaining are in the upland areas.

The average density of population in the district is 305 as against the State's average of 157, a fact linked with high irrigation facilities. For example, in Tanuku, the most fertile taluk, the density of population is the highest, 674, and in Polavaram, the agency taluq, it is only 96.

The literacy rate of the district was 34.4 per cent as against the state's average of 24.57 per cent. The district is predominantly a unilingual district. While Telugu is spoken by 96.5 per cent, Urdu, a distant second language is spoken by only 1.5 per cent of the population. Literacy declines dramatically at lower levels of the economic and social ladder is another important feature.<sup>4</sup>

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2 Of them 39 are uninhabited

3 8 Municipalities and 2 major gram panchayats

4 Frankel, Francine, R., 1971, India's Green Revolution, Princeton University Press, New Jersey, p. 48

### Social Stratification

The social stratification of West Godavari is broadly in conformity with the rest of the state. The principal, religious groups in the district are the Hindus, Christians and Muslims. The Hindus are divided into four major varnas according to 'varnasrama dharma' besides the Harijans. The four major Hindu varnas are further divided into a number of sub-castes. The Scheduled Tribes, which cannot be categorised with these castes are, of course, an integral part of the Hindu community. Most of the Christians in the district are converts from Hinduism. Among the Christians, Protestants outnumber Catholics. Muslims, numerically stand third in the district and among them, the Sunnis outnumber the Shias.<sup>5</sup>

Because of the significant role of caste in influencing and shaping democratic politics of West Godavari district, the structure of caste stratification needs special mention. The numerically important castes in the district are in the following order based on the criteria of ritual rank and economic power.<sup>6</sup>

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5 Andhra Pradesh District Gazetteer: West Godavari, (Revised Edition ), 1979, pp. 52-55

6 Madras District Gazetteers: West Godavari District, 1934, Vol. II, Government Press, Madras, p. 11. The 1931 census was the last census in which all the castes were enumerated.

1. Forward Castes

Brahmanas, Vaisyas, Rajus, Kammas, Kapus

2. Backward Castes

(a) Artisan and low Peasant Castes:

Viswabrahmanas, Gollas,  
Setti Baliyas

(b) Service Castes:

Chakalis, Mangalis

3. Harian Castes

Mala, Madiga

Brahmanas were original landlords in most villages, but their position changed in response to Western education and the concomitant changes in their social and cultural habits eroded their resources as well as their ownership of land. Consequently, they moved to urban areas in search of jobs. Vaisyas, the trading community of the district are located in Penugonda and Palcole, the centres of Vaisyas. In these two areas, the Vaisyas are economically powerful because of their virtual monopoly over trade.

Among the Peasant Castes, Rajus (also known as Kshatriyas) are heavily concentrated in Bhimavaram and

Narasapur taluqs and in the interior parts of Tadepalligudem taluq. They were the traditional landlords of these areas, though in recent years they have gradually developed strong interests in trade and industry. In spite of the fact that the Kammas and Kapus are evenly and widely distributed over the entire district, the Kovvur, Eluru and Tanuku taluqs are the citadels of Kamma power, whereas Kapus dominated the Tadepalligudem taluq and are also important in some areas of Narasapur and Tanuku Taluqs.

The Backward Castes of the district like the Gollas (Cowherds), the Chakalis (Washermen), the Mangalis (Barbers), and the Setti Balijas (Toddy Toppers), still perform their traditional occupations. These castes have neither numerical nor material strength.

The Scheduled Castes in West Godavari district, according to 1971 census form 14.3 per cent of the population against the state's average of 13.3 per cent. A vast majority of Harijans are engaged in agricultural operations, working largely as agricultural labourers and farm servants. Consequently, the number of Harijans in rural areas is higher than that of the Harijans in urban areas.

The Scheduled Tribes of the district - Koya, Kondadora - constitute 2.2 per cent of the total population and



are concentrated in the agency taluk of Polavaram and in the adjoining parts of Kovvur and Chintalpudi taluqs. In Puliramudigudem, a typical tribal village, in Polavaram taluq the peasants castes of Kammas and Kapus are the land holders while the tribals are largely agricultural labourers.<sup>7</sup>

Political processes and rapid economic changes after independence have of course altered the traditional ranking of the castes. The Brahmans and Vaisyas, although at the top of the social ladder have <sup>never</sup> wielded political power in the district, which has, for the last two decades been monopolised by the Kshatriyas and the Kammas.<sup>8</sup> In recent years, the Kapus and Scheduled Castes have improved their position compared to the Kammas and Kshatriyas in West Godavari's political structure. The Backward Castes economically and numerically weak are insignificant in West Godavari politics and therefore, have hardly any influence in the decision-making processes at the district level. Similarly, the Scheduled Tribes with one reserved assembly seat (Polavaram) are insignificant in district politics. But the Scheduled Castes, on the other hand have two re-

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7 Village Monographs, 1961, No.18, Puliramudugudem, Polavaram Taluq, West Godavari District

8 Raghavulu, C.V., Patterns of Political Mobilization and Coalition Building Activity in an Andhra District, Journal of the Society for Study of State Governments, Vol. III, No.1, January-March 1975, p. 22

served seats in the legislative assembly (Gopalapuram, Achanta) which has an edge over the other weaker sections in the district.

### Economy of the District

Agriculture, industry and commerce are the three vital sectors of the West Godavari economy. Agriculture plays a pivotal role in the economy of the district, specially after the district was chosen for the implementation of the Intensive Agricultural District Programme (IADP) in 1960. The marketable surplus from this sector stimulated the growth of agro-based industries as well as the expansion of trade and commerce.

The net area sown in the district is 10,43,529 acres and it constitutes 54.2 per cent of the total area of 19,26,277 acres. Of this area, 10.4 per cent (2,00,625 acres) is covered by forests which are mostly located in the agency taluq of Polavaram. The total cropped area is 14,49,831 (75.3 per cent) of the total geographical area. The gross area irrigated in the district is 12,09,451 acres. The proportion of net area irrigated to a net area sown in West Godavari is the largest (80.9 per cent) in Andhra Pradesh.<sup>9</sup> The area irrigated by different sources of irri-

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9 Agricultural Census: Andhra Pradesh, 1976-77, Bureau of Economics & Statistics, Government of Andhra Pradesh, Hyderabad, p. 79

gation during the year 1978-79 is as follows:<sup>10</sup>

- (a) Canals - 73.2 per cent;
- (b) Tanks - 10.1 per cent;
- (c) Tube Wells - 11.5 per cent;
- (d) Other Wells - 0.5 per cent;
- (e) Other Sources - 1.2 per cent.

Canals are the main sources of irrigation. There are seven main Godavari canals and several other distributories. The canals irrigate the whole of Tanuku, Narsapur, Bhimavaram taluqs and some parts of Bhimdole, Samisragudem, Nallajerla blocks and Eluru, Kovvur and Tadepalligudem taluqs. The Eluru canal which starts from Krishna anicut at Vijayawada irrigates some parts of Pedapadu and Bhimdole blocks in the Eluru taluq. The rainfed Byneru, Yerrakaluva, Tammileru, etc., feed the minor irrigation tanks and facilitate irrigation in the district. The Kolleru lake, an extensive shallow depression, irrigates parts of Eluru and Bhimavaram taluqs. This lake receives large volume of drainage water from the surrounding deltaic tract and it has an outlet in the Bay of Bengal by means of the Upputeru. The proportion of area under tube wells in the district is again the highest in the State.<sup>11</sup>

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<sup>10</sup> Handbook of Statistics, West Godavari District Zilla Parishad, Eluru, 1979, pp. 60-63 and 138-139

<sup>11</sup> Agricultural Census, 1976-77, p. 85

At the time of independence, the percentage of area under ryotwari, inamdari and zamindari was as follows:<sup>12</sup>

- (a) the government (ryotwari) and minor inam lands - 59.59 per cent;
- (b) the inamdari lands - 13.96 per cent; and
- (c) the zamindari lands - 26.45 per cent.

This pattern of unequal land distribution reflected the paradox of 'Poverty amidst Plenty'. The agrarian structure was inefficient and unequal in the sense that there existed quite a few intermediaries between the state and the tiller of the soil, tenacy was insecure, rent was high and unregulated, holdings were fragmented and most importantly a microscopic minority among the landed rich controlled a large portion of land while the majority of population were either landless labourers or owners of un-economic holdings.

After independence, three important land reform acts were introduced with the aim of bringing in structural changes and in agrarian relations.<sup>13</sup> However, most of the landed rich had survived the onslaught of these acts and, in fact they retained their grip over vast areas of

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12 IADP Report, 1961-63, Ministry of Food and Agriculture, Government of India, p. 95

13 They are: (i) The Andhra Tenancy Act, 1956; (ii) The Andhra Pradesh Ceiling on Agricultural Holdings Act, 1961; (iii) The Andhra Pradesh Land Ceilings Act, 1973.

land by means of fictitious transfers and by converting paddy fields into plantations.

As agriculture is the cornerstone of the economy the class structure in the district is primarily determined by the pattern of distribution of land ownership. Since it is possible to classify different size holdings from the Agricultural Census Reports, the distribution of land holdings has been largely compiled from the Agricultural Census conducted in Andhra State for the year 1953-54.<sup>14</sup>

TABLE 2.1

THE CLASSIFICATION OF AGRICULTURAL HOLDINGS IN WEST GODAVARI

Size of the Holding (In Acres.)	Total No. of agricultural holdings	Total acreage owned In Acres	Size of Average Holdings	% of the group in total acreage	% of the group in total No. of owning Agricultural Holdings
(1)	(2)	(3)	(4)	(5)	(6)
0 - 2.5 (Poor Peasants)	114079	123307	1.08	10.82	56.99
2.5 - 10 (Small and Marginal Peasants)	59936	292179	4.94	26.00	29.94
10 and above (Rich peasants and Landed rich)	26163	719671	27.50	63.18	13.07

14 Results of the Census of Land Holdings and Cultivation in the Andhra State for the year 1953-54, Andhra Government Press, Kurnool, 1955. The 1953-54 Agricultural Census were fairly authentic for two reasons: There

/footnote continued.../

The two major groups in the countryside are landless agricultural labourers and landed classes. The landed group can be further divided into three main classes.<sup>15</sup> They are: (i) Poor Peasants owning land from 0.01 to 2.49 acres; (ii) Small and Marginal Peasants owning land from 2.5 to 9.9 acres; and (iii) Rich Peasants and Landlords controlling land ranging from 10 acres to 1000 acres and above.<sup>16</sup>

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/foot note No. 14 - contin../

were no large size benami transfers by that time and even the District Organization of IADP extensively relied upon the same Census in analysing "the classification of Agricultural Holdings in West Godavari" in its Bench-Mark Survey conducted during 1958-60. See, "Improved Agricultural Practices," "West Godavari District, Andhra Pradesh, District Organization, IADP, Eluru, First Edition, 1963, p. 242

15 There is no unanimity among social scientists on this criteria.- The size of holding to differentiate the peasantry. In fact the various rural classes are to be differentiated and are to be looked at in terms of possession of the means of production and the exploitation of labour. For this reason, the very commonly used single index - size of holding is an unsatisfactory one, except as a very rough approximation to class to class. However, the below cut-off points seems to be reasonable because of different kinds of soils and levels of fertility (double wet, wet, dry, etc), in West Godavari. It is also assumed that the exploitation of labour and the level of technique at which labour is combined with other means of production remain the same as we move across organizationally different types of holding. For further details on the differentiation of peasantry, see, Patnaik, Utsa, Class Differentiation within the Peasantry: An Approach to Analysis of Indian Agriculture, EPW, Vol. XI, No. 39, September, 1976; Rudra Ashok, Class Relations in Indian Agriculture, EPW, vol. XI, Nos. 22, 23, 24 June 3, 10, & 17, 1978; Chattopadhyaya, Paresh, On the Question of the Mode of Production in Indian Agriculture; A Preliminary Note, EPW, Vol. VII, No. 13, March, 1972; Sundarayya, P.,

/foot note Nos. 15 - contnd../

Agricultural labourers are the single largest class in the agrarian structure. This class is clearly distinguishable from other classes because of their relation to the means of production. The two striking features of this class are: (i) their lack of control over means of production, namely land; and (ii) selling of labour power at cheaper rates in order to survive.

Accordingly to the Census Reports, the per centage of agricultural labourers to the total proportion of agricultural workers in West Godavari is as follows:

TABLE 2.2

PERCENTAGE OF AGRICULTURAL LABOURERS IN WEST GODAVARI

Year	Percentage of agricultural labourers to total workers in agriculture
1951	52.49
1961	60.80
1971	50.10

Source: Census Reports of 1951, 1961 and 1971

/foot note No.15 contn/

Class differentiation in Andhra Peasantry; Results of Rural Surveys in Andhra Pradesh, Social Scientist No.56-57, March-April 1977

In 1951, agricultural labourers accounted for 52.49 per cent of the total agricultural population of the district. In the 1961 census their percentage rose to 60.80 per cent. In 1971 the percentage fell to 50.10. But the fall in the percentage of agricultural labourers to 50.10 per cent in 1971 was striking but not real.<sup>16</sup> The growth of agricultural labourers during 1961-71 was as high as +23.27 per cent. The number of agricultural labour according to 1961 census was 3.91 lakhs and it increased to 4.82 lakhs in 1971.<sup>17</sup> The swelling in the ranks of this class is due to various reasons. The most important are the propensity to attract labourers from underdeveloped regions of the adjacent districts, demographic pressures and finally the gradual depletion and disposal of small holdings by poor peasants who inevitably join the ranks of the rural proletariat.

The system of tenancy in West Godavari has been a major constraint on agricultural development. Tenancy is essentially linked to the unequal agrarian structure dominated by large holdings and absentee landlordism on the one hand and small and marginal holdings on the other. The major characteristics of such a system of agrarian relations are fixed kind rent, oral lease and high rental

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16. This was mainly because of redefining the concept in 1971 Census.

17. Hand Book of Statistics, West Godavari, 1979, p.16



rates.<sup>18</sup> The consequence is a constant fluctuation in the number of cultivators, their numbers determined by the availability of leased out land, and in the process pure tenants switching over to landless labourers.

The Andhra Tenancy Act of 1956, which aimed at providing certain relief measures as well as provision of basic rights was a failure. In fact, a large number of tenants were evicted by the landlords as a result of the legislation. For example in Narasapur taluq landlords took advantage of the Act to resume 'cultivation' cushioned and supported by machinery for settlement of disputes which invariably goes against the tenants. This further encourages landlords to indulge in large scale evictions.<sup>19</sup>

The percentage of leased out land was only 11.99 per cent according to the Agricultural Census of 1953-54. But the field investigations by Ladjinsky and Frankel in the years 1965, 1969, showed that 30 to 50 per cent of all cultivators leased out some land on oral lease.<sup>20</sup> The ~~rates~~ rates of rental are so high that the tenant cannot possibly accumulate surplus for investment in land improvement activities. The system however is well suited to preserve the interests of the landowners. The landowners shirk their

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18 Cash payment is mostly in respect of commercial crops.

19 Parthasarathy, G. & Prasada Rao, B., 1969, Implementation of Land Reforms in Andhra Pradesh, Scientific Book Agency, Calcutta, pp. 140-151

20 Wolf Ladjinsky, 1965, A Study of the Tenurial Conditions in Package Districts, Planning Commission, Government of India, p. 62; Frankel, Op Cit., pp.62-66

responsibilities while still performing the main entrepre-  
nuring functions.<sup>21</sup> In fact, the small farmers working on  
their plots are economically better off than those who take  
land on oral lease and rechannalize the profits of owned  
land to make up losses on leased land.<sup>22</sup>

The system is detrimental, is evident from the fact  
that a large number of tenants are joining the ranks of  
agricultural labourers. Ladjinsky had rightly pointed out  
that the tenurial conditions in the early sixties were so  
bad and "if land tenure conditions were a part of the cri-  
teria for selecting a package district, West Godavari  
would not have qualified at all".<sup>23</sup> This does not, however,  
mean that there is a lack of demand for leased land. In  
fact, the success of the 'green revolution' encouraged the  
urban entrants and absentee landlords to take up farming  
on business lines. To this was added demographic pressures  
which further pushed up the tenancy rents to new levels.

Poor peasantry is the single largest class among  
the land holders. The peasants owning upto 2.49 acres

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21 For example, in Konala, a typical deltaic village  
in Tadepalligudem taluq, the tenants reported that  
they were often not allowed to adopt modern rice  
varieties on their will. The land owner is the ul-  
timate decision maker in all agricultural operations  
ranging from ploughing to harvesting. The landowner  
has only rights and the tenants, the actual tillers,  
have only responsibilities and no rights at all.

22 Frankel, Op Cit, p. 62-65

23 Ladjinsky, Wolf, Op Cit, p. 9

constitute this group. According to the Agricultural Census 1953-54, their per centage in the total ownership of holdings was 56.99 per cent, but they hold only 10.82 per cent of the total acreage. The average size of their holding was 1.08 acres, which was uneconomical. This class leases in land and forms the bulk of owner-cum-tenants and also leases out land in order to work as labourers. Some backward and forward castes form the bulk of this class. This class does not normally employ wage labour. It in certain conditions employs wage labour, it also hires itself for an equal or greater number of days.

The peasants owning over 2.5 acres, but not exceeding 9.99 acres could be regarded as small and marginal peasants. Here family labour predominates over wage labour. According to 1953 Agricultural Census, small and marginal peasants formed 29.94 per cent and held 26.00 per cent of the total acreage. The average size of holding in this category was 4.94 acres.

The consumption pattern and sources of income of the lower rung of this strata resembles that of the poor peasants while the upper rung, tries to identify with the rich peasantry. It is the latter, that enjoys considerable social prestige in the village. Small and middle peasants figure prominently in gram panchayats and primary cooperatives although their representation in both economic and

political institutions at block taluq and district levels is almost insignificant.

Peasants owning land above 10 acres fall in the category which includes rich peasants, landlords.<sup>24</sup> This class according to the 1953 Agricultural Census formed 13.07 per cent of the total owners and controlled 63.18 per cent of total acreage. Their average size of holding was 27.50 acres. According to the 1961 census, there were larger number of landowners with 30 acres or more in West Godavari<sup>than</sup> in the adjacent coastal deltaic districts of Krishna and East Godavari.<sup>25</sup>

The Congress governments in the State favouring the rich landed gentry made only half-hearted attempts at restricting the size of land holdings. It was widely known by the middle of 1950s that a ceiling on land holdings was likely to be imposed, consequently, many large scale benami transfers happened on the eve of the Ceiling's Act of 1961. For example, in Narasapur taluq frequent land transfers were made between 1956-57 and 1957-58.<sup>26</sup> The Andhra Pradesh Ceilings Act of 1961 envisaged a high level of ceilings as

24 The line of demarcation between the landlord and the rich peasant is that the rich peasant physically participates in all major agricultural operations, while the land lord does not.

25 The figures for West Godavari, Krishna & East Godavari are: 1302 : 1142 : 931; Source: Census of India, 1961, Vol. II, Part III, 1965

26 Parthasarathy and Prasada Rao, Op Cit, pp. 180-181

well as exemptions which enabled the landed rich - the 'vote banks', of the Congress Party<sup>to</sup> retain their grip over land. Under the 1961 Ceilings Act, the ceiling limit was so high that an average family of five persons was in a position to retain 135 to 1620 acres. Consequently, in West Godavari only 49 hectares were declared as surplus. The Andhra Pradesh Land Ceilings Act of 1973, with a lower ceiling limit was also sabotaged by the rich landowners.<sup>27</sup> Under the Act of 1973, the ceiling limit is defined in terms of one standard holding. The standard holding varies from 10 to 18 acres in the case of double crop wet land; 15 to 27 acres in the case of wet land other than double crop wet land and 35 to 54 acres in the case of dry land.

#### Intensive Agricultural District Programme (IADP)

It was in this background that West Godavari district was chosen for the implementation of Intensive Agricultural District Programme (IADP). The basic aim of the IADP was an immediate increase in agricultural production through the intensive application of all resources in selected districts.<sup>28</sup>

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27 For further details see: (1), Parthasarathy and Prasada Rao, Op Cit, (2) BAV Sharma (ed), Political Economy of India: A Study of Land Reforms in Andhra Pradesh, 1980, Delhi Light and Life Pub., (3) Prasada V.S. and Rao, K.S., How Landlord Beat Ceiling Laws, Mainstream, vol.19, No. 28, 1981

28 For further details, see, Brown Dorris, 1971, Agricultural Development in India's Districts, Harward University Press, Manchester, pp. 1-10

In 1959, seven states were asked to select one district each for the launching of this programme.<sup>29</sup>

West Godavari was among the seven districts selected for the implementation of the programme. It was chosen for the following reasons.<sup>30</sup>

- (1) The percentage of irrigated area to the total cropped area was 79.1 per cent in the district, this highest in the State;
- (2) The district satisfied the conditions of availability of progressive farmers who with better facilities could increase yields;
- (3) The district has well-developed village institutions, particularly cooperatives and panchayats;
- (4) The district is compact with only 2,998 sq. miles of area;
- (5) It has good assured water supply and it is free from soil conservation problems;
- (6) The results of fertilizer demonstrations organised by ICAR in the district showed the highest response.

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29 The Programme was introduced in three stages and covered 22 districts. In the first stage seven districts were selected. They were, Tanjavur, Tamil-Nadu; West Godavari, A.P; Raipur, M.P; Shahbad, Bihar; Aligarh, U.P; Ludhiana, Punjab; and Pali, Rajasthan. The first four districts were selected for rice, the next two for wheat and the last one for millets.

30 IADP in West Godavari in Andhra Pradesh, Evolution Study No. 38, p.3, (Government of Andhra Pradesh, Hyderabad, 1970)

The package programme was launched during rabi season of 1960-61 that is in October, 1960. The programme made a small beginning in its initial stages covering small areas under different crops. By 1964-65, the scheme was extended to cover all crops in all the 16 blocks. The two main rice varieties of treated seed were widely used by the peasantry, which produced around 3 tons per hectare although the seeds did not respond very well to fertilizer.<sup>31</sup> Between 1961-62 and 1964-65 the quantity of fertilizers used in the district was trebled and there were impressive gains in the use of treated seed and other ingredients of the package. In the period between 1964-65 about 60 per cent of the farmers participated in the programme.

The High Yielding Varieties Programme was launched in the district during 1965-66.<sup>32</sup> In fact, it was the package approach which paved the way for HYVP.

Increasing rice productivity has been the prime focus and chief concern of both IADP and HYVP. The average yield of rice which was 13.3 quintals, per hectare during 1958-61 prior to the launching of the IADP, increased to 16.4 quintals by 1965-66. After the introduction of HYVP

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31 SLO 13 and SLO 19

32 Taichung Native 1 was the first high yielding variety used and later it was replaced by IR 8, the backbone of the Programme until 1969-70, when Jaya, Ratna were made available. These varieties were highly responsive to fertilizer doses and gave around 4 tons per hectare.

in 1965-66 the rice yields jumped from 16.4 quintals to 22.6 quintals in 1978-79. In absolute terms the rice production went up from 4.63 lakh metric tonnes during 1958-61 to 6.00 lakh tonnes in 1965-66 and to 9.88 metric tonnes in 1978-79. Thus, rice production has increased by 113 per cent in the district compared to the base line average before the introduction of HYVP.<sup>33</sup> In fact during the crop season of 1974-75, the procurement of rice in West Godavari district was a record three lakh tonnes and exceeded the contribution by all the districts in West Bengal.

Although rice received greater emphasis in IADP and HYVP the commercial crops such as sugarcane and tobacco have also registered an increase of 16 to 20 per cent over the average yield prior to the IADP Programme. Consequently, there has been gradual and perceptible shift from paddy to commercial crops like sugarcane and tobacco during the last decade.<sup>34</sup>

#### Impact of the IADP and HYVP on Socio-Economic Processes of the District

The breakthrough in the output of rice brought about

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33 For area yield rate and production trend of rice in West Godavari since inception of IADP see, Appendix IV

34 Subba Rao, K., 1978, Rice Marketing System and Compulsory Levies in A.P., Allied, New Delhi



marked changes in the economy, class structure and patterns of social interaction of various classes. For example, the newly acquired economic power of peasant castes enabled them to imitate and adopt the rituals and life styles of the upper castes, thereby heightening the process of sanskritization. Not surprisingly a rich Kamma or Kapu peasant is no more considered a 'Sudra' consequently, interdining between the Sudra castes and 'dvijas' became a common phenomenon. Similarly in the case of agricultural labourers, the 'Patron-client' relationship underwent a change as Harijans found more opportunities of work which gave them a semblance of dignity and independence. This, perhaps as Frankel notes is 'the greatest and most striking gain' in terms of social and psychological freedom.<sup>35</sup> Another noteworthy feature is the significant rise in literacy rate among all the agricultural classes.

Opportunities in both programmes are supposedly available to all classes of farmers, in practice, however, certain classes are placed in an advantageous position because of their control of land, credit and other sources of wealth and power. In fact, modern varieties of seed itself is associated with a certain farm size. A study of Pedapulluru, a typical deltaic village of the district shows a marked lag in adoption of modern varieties between

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35 Frankel, Op Cit, p. 73

big and small owners and tenant farmers with less than four hectares.<sup>36</sup> The rich farmers with surplus and savings definitely had an edge over the small and poor peasants because modern farming techniques are capital intensive in nature. Consequently, the small farmer could not take advantage of the new technology due to lack of resources and limited risk bearing ability. The following table shows the responses of different classes of peasantry to modern methods.

TABLE 2.3

RESPONSES OF DIFFERENT CLASSES OF PEASANTRY TO MODERN METHODS

	GOOD	FAIR	POOR
1. Rich Peasantry	58.8	23.5	17.6
2. Middle Peasantry	23.5	70.6	5.9
3. Poor Peasantry	17.6	23.5	58.8

Source: Seshadri, Op Cit., p. 169

The small and middle peasants were of course not totally overlooked, but they were nevertheless not able to keep the pace with the rich peasant because of 'economies of scale in constructing irrigation facilities, access to credit, inability

36 Parthasarathy, Op Cit., p. 50-51

to withstand the effects of market', observed Michalsky.<sup>37</sup>

As no effective land reforms preceded the introduction of 'miracle seeds' the rich landed class with their control over majority of land reaped the maximum benefits.<sup>38</sup> These groups extracted the largest share of benefits from the 'green revolution' which further tightened their grip over land and thus helped in sabotaging the progressive land ceiling act of 1973. After the introduction of these 'twin programmes' agriculture has been turned into a profitable business. Consequently, many absentee landlords took to self-cultivation, in the process many tenants were evicted and reduced to farm labourers, leading to further deterioration in tenurial conditions.<sup>39</sup> The other significant effect of commercialization of agriculture was the spurt in prices of land. All these factors contributed in turn to a shift from paddy to commercial crops where the margin of profit is very high. The marketable surplus created by the 'green revolution' led to the mushrooming of rice mills. The rich millers lobby already well organised at the district level was now a force to reckon with at the state level. They were in a position to influence decisions of the state

<sup>37</sup> Michalsky, K.J., Green Revolution in India, Mainstream, July 11, 1970, vol. VII, No. 1-45; p. 20

<sup>38</sup> It was reported that even most of the tractors owned by the IADP organization, Eluru, for community purpose (especially for small and marginal farmers) were being utilized by the rich farmers.

<sup>39</sup> The decinial growth of agricultural labour between 1961-71 was +23.7 per cent.

cabinet on issues like procurement politics, marketing controls.

As already mentioned, the impact of the programmes varies from class to class. The marginal peasants with ownership holdings between 5 to 10 acres 'have done better' and the rich landed classes with 20 acres or more have made the 'greatest absolute and relative gains'. On the other hand, mechanised farm operations and double or multiple cropping pattern weakened the unprotected tenants cultivating on oral lease who suffered 'an absolute deterioration' in their living standards.<sup>40</sup> Since modern varieties, demand more labour during the peak seasons for weeding, harvesting, threshing, carting and for applying fertilizers, pesticides, insecticides, the employment opportunities for agricultural labourers have increased. A study conducted in the delta region in 1968-69 shows that the cultivation of modern varieties requires about one-fifth of more man days of labour per hectare than the cultivation of local varieties and, thus, the adoption of new varieties and intensification of cropping led to level out seasonal employment.<sup>41</sup> The following table shows increase in mandays.

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40 Frankel, Francine, Agriculture, Modernization and Social Change, -II, Mainstream, November 29, 1969, Vol. VIII, No. 13, p. 10

41 Parthasarathy, Op Cit., p. 56

TABLE 2.4

## CULTIVATION OF MODERN VARIETIES AND INCREASE IN MAN-DAYS

	Local Varieties	Modern Varieties	No. of days Increased
Wet season	136	164	28
Dry season	191	220	29

Source: Parthasarathy, Op Cit, p. 56

In fact West Godavari is the only IADP district where the number of hired agricultural workers exceeds the number of family workers.<sup>42</sup> Because of its labour intensive nature 'green revolution' increased the total duration of work for agricultural labourers. Agricultural labourers consolidated their position because increased irrigation facilities in the adjacent districts reduced the supply of immigrant labour to West Godavari, thus giving greater leverage and bargaining power to the agricultural labourers of the district. No less important is the fact that the number of workers displaced by the mechanization is fewer than the numbers required because of the increase in the area under double cropping. Moreover, the agro-based industries have generated additional employment for surplus labour in the agricultural sector. Nevertheless, the economic conditions of agricultural labourers has not improved

42 IV Report on the IADP, vol. II, 1960-68, p. 56  
(Ministry of Food, Agriculture, Community Development and Cooperation). Government of India

vastly because of the galloping inflation. In any case the relative gains of the poor peasants and agricultural workers in more than offset by the absolute gains of the landed rich. And, ironically enough, 'green revolution' is increasing the disparities between different classes in the district. This has heightened the process of polarization between the classes in West Godavari.

### Industrial Development

Though agriculture plays a pivotal role in the economy of West Godavari, industry is also important. The agro-based industries, particularly, rice mills and tobacco barons have grown significantly.<sup>43</sup> By the end of 1978 there were 19 large/medium sized industries and nearly 1030 small scale industries in the district.

Nevertheless, industrial development has not kept pace with agricultural development in West Godavari for a variety of reasons. Until recently, the rich land owners were unwilling to invest in industries. The imposition of land ceilings in 1973 on one hand, and the liberal financial assistance provided by the Andhra Pradesh Industrial Infrastructure Development Corporation, Andhra Pradesh State

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43 There are 1061 rice mills, 21 Khandesari Sugar Mills, and 6,031 Tobacco Barons in the district.

TABLE 2.5Some Large & Medium Scale Industries

S.No.	Name of the Industry	Line of Operation	Employment Potential
1	Sree Krishna Jute Mills, Eluru	Jute	3,150
2	Andhra Sugars Ltd, Tanuku	Sugar	2,250
3	V.V.S Sugars Ltd, Chagallu	Sugar	1,255
4	Palcole Coop Sugars Ltd, Palcole	Sugar	750
5	The West Godavari Dist Coop Sugar Factory Ltd, Bhindole	Sugar	500
6	Akkamamba Textiles, Tanuku	Spinning of yarn	750
7	Foods, Fats & Fertilizers, Tedepalligudem	Solvent extraction of rice bran oil	410
8	Andhra Chemical Division, Kovvur	Sulphuric Acid	310

Source: Credit Plan 1980-82, West Godavari District, Andhra Bank, Lead Bank Department, Hyderabad, pp. 16-17

Finance Corporation, Andhra Pradesh Small Scale Industries Development Corporation, and the commercial banks on the other, encouraged rich landowners to divert their savings from agricultural sector to industries. This set the pace for development of agro-based industries. The credit plan

1980-82 quickened the pace and process of industrialization. West Godavari, rightly called the 'rice granary of Andhra Pradesh' according to the credit plan is expected to achieve a significant level of industrialization in the not so distant future.

Agricultural commodities constitute a major part of exports from the districts to other parts of the country. Tadepalligudem, a rice market in West Godavari, is one of the biggest markets of its kind in the country. Every year huge quantities of rice is moved from Tadepalligudem to Kerala and other deficit states by rail and road. Turmeric is exported from West Godavari to Bangladesh. The other important items of export from the districts consist of agricultural commodities like chillies, coconuts, jaggery and sugar, whereas, petroleum products, medicinal products, silk cloth, ground nut oil, constitute a sizeable proportion of imports.

### Political Processes

The three decades of politics in West Godavari district may be divided into three periods.

1951 - 57 : Period of ideology and multi-party politics

1958 - 70 : Period of one party dominance

1971 - 82 : Period of continued Congress dominance; Political mobilization based on supra-district processes.



West Godavari district played a prominent role in the movement against British imperialist rule. As early as in 1885, delegates from places like Eluru, Narasapur, attended the historic First Session of the Indian National Congress. Since then, the district had always showed its political consciousness and readily responded to various calls given by the Congress.

During the pre-independence days, the Congress which organised the struggle in the district was a movement rather than a party. It was clearly reflected when in the provincial election under the 1935 Act, the district returned three Congress candidates out of five to the Provincial Legislative Assembly. The remaining two seats were won by the Justice Party candidate and an independent. Although the Justice Party candidate ~~did~~ not have much of a following in the district, many of its leaders, for instance, K.V. Reddy, Naidu, B. Venkataramaiah Naidu and Javvadi Lakshmayya Naidu belonged to West Godavari.

The Communist movement in the district also had its origins in the freedom struggle. Garapati Satyanarayana, Uddaraju Ramam, Aalluri Satyanarayana Raju were the important Communist leaders of West Godavari district during the period. The Andhra Pradesh Committee of the CPI was officially organised in 1934. The same year the first conference of CPI was held at Kakinada. After the Meerut conspiracy

case, the CPI was banned in 1934 and the communists joined the Congress. They organised the Andhra Communist unit of Congress Socialist Party through which they propagated socialist ideals. When the ban was lifted in 1942, the CPI utilized the opportunity to expand its influence in the district. The agricultural labourers, poor peasants and the urban proletariat were the main supporters of the CPI in West Godavari district.

The Praja Party appeared in the political arena of West Godavari in 1951. In the 1951 election for the Presidentship of the Andhra Pradesh Congress party, there was a keen contest between N.G. Ranga (a Kamma leader of Guntur, supported by Prakasam) and Sanjeeva Reddy (a Reddy from Anantapur, backed by Dr Pattabi Sitaramaiah). N.G. Ranga was ultimately defeated. Consequently, Prakasam and Ranga left the Congress. They founded the 'Andhra Praja Party'. Later they joined hands with Kripalani to establish the Kisan Mazdoor Praja Party (KMPP). Many landlords from the district, mostly Kamma landlords, joined the KMPP. In West Godavari, the party was led by Kommareddy Suryanarayana, Veeramacheni Venkatanarayana, Mullapudi Harischandra Prasad, PSR CVK Ranga Rao, Gadiraju Jagannatha Raju.

1951-57

This period, in West Godavari, had often been referred to as the period of ideology based politics. During

this period, the three main political parties in the district, viz. KMPP, INC, CPI, tried to mobilize the people emphasizing their party programmes and election manifestoes. For instance, the KMPP during the 1952 elections stressed the issue of a separate Andhra State, consisting of coastal Andhra and Rayalaseema. The party also reiterated its faith in the Gandhian ideas like self-sufficient village, Swaraj and ban on Cowslaughter. The Congress, on the other hand, criticised the Andhra State issue and requested the people not to make it an election issue or a controversial issue. On the economic front, the party projected Nehru's economic model. The CPI unlike the other two parties, promised to campaign for Visalandhra (which consists of Coastal Andhra, Rayalaseemaa and Telangana). It also stressed the need for abolition of Zamindari, struggle in alliance with rich peasantry against the exploitation and minimum wages for agricultural labourers.<sup>44</sup>

At the time of first General Elections in 1952, there were 10 assembly constituencies (two of these were double numbered) and one double-numbered Lok Sabha Constituency in West Godavari. 12 MLAs and 2 MPs were elected from the district. Congress and KMPP contested all the 12 Assembly seats

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44 For further details see, Ram Reddy, G and Sharma, B.A.V. (Ed), 1980, State Government and Politics: Andhra Pradesh, Sterling, New Delhi; Narayana Rao, K.V., 1978, The Emergence of Andhra Pradesh, Popular Prakashan, Bombay

and the double numbered Lok Sabha seat, Communists contested 8 Assembly constituencies and the Lok Sabha seat. The other political parties in the electoral fray were the Scheduled Caste Federation (an exclusive political party of Harijan castes) and the Socialist Party. The main contest in the election was between the Congress, KMPP and the CPI.

The results were a great set back for the Congress.<sup>45</sup> The party won only two Assembly seats. However, it secured 25.5 per cent of the total valid votes. The KMPP in comparison was more successful in Assembly seats. It obtained 31.2 per cent of the total valid votes polled. The CPI which contested 8 Assembly constituencies won five seats. The KMPP and the CPI obtained one seat each in double numbered Lok Sabha constituency.

The Congress party inspite of its poor performance in the elections formed the government under the leadership of Raja Gopalachari in 1952.<sup>46</sup>

The Congress party having learnt lessons from its disastrous performance in 1952 General Election joined hands

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45 Aalluri, one of the important Congress leaders, was defeated in the election. After tasting the defeat, in the hands of Communists, Aalluri never contested for the Assembly not even in his hay days when he played the role of a king maker at State level politics.

46 Before the formation of Andhra State in 1953, the district was in Madras state.

with Kriskar Lok Party (founded by N.G. Ranga) and KMPP to form the United Congress Front against the 'Communist menace'. Many industrialists and landlords vied for Congress party tickets.<sup>47</sup> The Congress KLP and KMPP contested all the seats, so did the Communist party inspite of its scarce resources. The Congress party polling 54.7 per cent of votes won all the sixteen Assembly seats. The Communists secured 41.1 per cent of the total valid votes but did not win a single seat. However, the CPI, in the second General Elections in 1957, reasserted its position by winning one of the Lok Sabha Seats. In the Narasapur Lok Sabha seat, the Communist leader Uddaraju Ramam secured 51.6 per cent of the total valid votes polled defeating the Congress candidate who secured 37.9 per cent of valid votes. In the Eluru constituency, the Congress Candidate Mothey Veda Kumari (belongs to the family of Mothey Zamindars of Eluru) defeated the CPI candidate Mrs Vimla Devi who got 48.8 per cent of the total valid votes against 51.2 per cent polled by the winning candidate.

The elections to the second Lok Sabha marked the end of ideology based politics.

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47 Mullapudi Harishchandra Prasad, one of the leading industrialists of the State, Aaddepalli Satyanarayana, a Zamindar, and Javvadi Lakshmayya, President of Dist Coop Central Bank, contested on the Congress tickets due to their fear that the Communists would storm their bastions of power.

The second period of democratic politics in West Godavari was the period of one party dominance. During this period, the Congress in West Godavari emerged as the dominant party when most of the leaders of the KLP and KMPP joined the Congress due to its ever increasing power of patronage. Moreover, in late fifties and early sixties many landlords families joined the Congress in order to protect themselves against the proposals of land reform legislation and many of them even entered the legislative assembly to play an influential role in changing the character of the legislation. For example, during 1955-1967 many powerful landlords of West Godavari were members of Legislative Assembly.<sup>48</sup>

Another important feature of this period was the intense intra party factionalism.<sup>49</sup> Factionalism in the Congress existed before independence, but it assumed serious proportions after the Second General Elections. Many industrialists and landlords who joined the party in the wake of the elections intensified it further by their attempts

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48 Out of 16 MLAs, six were Zamindars and five were landlords.

49 For details see, Brass Paul, 1965, Factional Politics in an Indian State : The Congress Party in Uttar Pradesh, Berkely, University of California Press; Kochanek, Stanley, A., 1968, The Congress Party of India: The Dynamics of One Party Democracy, Princeton University Press, Princeton; Welner, Myron, 1967, Party Building in a New Nation : The Indian National Congress, University of Chicago, Chicago

to keep up their identity and economic interests in tact. The introduction of Panchayat Raj system and the rich Peasant oriented development strategies like IADP and HYVP accentuated their intra-party factionalism in the Congress. The Congress factionalism can be analysed at two levels: State level and its manifestations at district and other lower levels.

The interaction between District and State level politics is rather complex in Andhra Pradesh. The linkages between the two can be broadly divided into structural and functional linkages. The political parties and their organisations link politics at different levels into an organic whole. Thus organisational elections play a pivotal role in forming and consolidating these structural links. The functional linkages on the other hand, are symbiotic in nature. The main aim of forming these linkages is personal and political advancement. A state leader looks for a strong base in the district in order to advance his position and influence at the state level whereas district leaders seek cooperation of state politicians to enhance their influence in political hierarchy of the state. Thus, district leaders when elevated to the state level, seek to create support structures by offering power, patronage and administrative influence to district leaders. In this process the old horizontal and vertical linkages are strengthened

and new linkages formed. In this way district politics becomes an integral part of state politics.

During the late fifties intra-Congress factionalism in Andhra Pradesh sharpened as the threat and challenge from the Communists receded. Aalluri Satyanarayana Raju, who was defeated by the Communists in 1952, was subsequently elected to the state legislative Council. He supported Sanjiva Reddy's bid for the Chief Ministership. In return he was made the President of Andhra Provincial Congress Committee in 1955. Later he became the President of Andhra Pradesh Congress Committee during 1957-58. Sanjiva Reddy apprehensive of his lieutenant's rise checked his power by inducting G. Venka Reddy Naidu an opponent of Aalluri in the Cabinet. With this development the relations between Sanjiva Reddy and Aalluri were strained. It was at this moment Aalluri subtly used the Krishna-Godavari water dispute to mobilise his strength against Sanjiva Reddy in the party.<sup>50</sup> For this purpose he canvassed support in the state, particularly in the coastal districts on the river water dispute. This enabled him to win a majority of MLAs, MLCs and landlords in the coastal districts and bind them together as an 'anti-Sanjiva Reddy force'.<sup>51</sup>

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50 There was a criticism of Sanjiva Reddy for ~~the~~ apathy on this issue and for his attempt to keep up his own cordial relations with Mysore.

51 Bhaskara Rao, N., 1968, Politics in an Indian State, Bharat Publications, Vijayawada, p. 94



Sanjiva Reddy became the President of AICC in December 1959. He inducted Brammananda Reddy as the leader of Congress Legislative Party (CLP). Aalluri reacted sharply and launched an aggressive campaign within the Legislature Party. Ultimately Sanjivayya (SC) a compromise candidate and a nominee of Aalluri was made the leader of the Legislative Party. But Sanjivayya had no strong base in the party and even Aalluri, who was the PWD Minister in his cabinet, could not contain the "anti-Sanjivaiah wave". After 1962 election Sanjiva Reddy staged a come back in the state as Chief Minister when his faction in the Legislature was augmented. Sanjiva Reddy while offering a ministership to Sanjivaiah, firmly refused to take Aalluri into the Cabinet. Sanjivaiah stayed away from Reddy's Cabinet insisting that unless Aalluri was taken into the Cabinet he would not join.<sup>52</sup> But the sudden death of Aalluri at this stage brought this episode to an end.

The death of Aalluri created a vaccum in district politics.<sup>53</sup> Two major factions emerged around Murthy Raju and Bapineedu to fill the vaccum. Apart from these, the other rural factions were led by Mullanpudi Harichandra Prasad and G. Ranga Raju. These two factions assisted the main struggle between the Murthy Raju and Bapineedu factions,

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52 Ibid. p. 96

53 Aalluri dominated the West Godavari district politics almost for a decade.

which marked the different permutations and combinations in the district politics, during the second period.

Murthy Raju belongs to a Kshatriya zamindari-family. Being one of the two successful Congress candidates in 1952 election from Tadepalligudem constituency, he gradually consolidated his position in the delta belt. His success in bringing Godavari Canal water for irrigation of the Kharif crop in the delta area made him a powerful factional leader. He was a supporter of 'Sarvodaya' activities and distributed a part of his estate among members of backward castes and weaker sections. At the district level he extended support to Sanjivalah during early sixties. He had the distinction of being the district level leader of the dissident faction since 1963.

Aalluri Balpneedu, a wealthy Kamma zamindar is the leader of another major faction. He was one of the stalwarts who was defeated in the 1952 elections. However, he was elected in 1955 and 1962 election to the State Legislative Assembly from Kovvur constituency - the citadel of his power. His subtle choice of Political leaders at the State level and clever manipulation of inter-group rivalries in the district made him an undisputed leader of the other major faction. Aalluri held several important positions during this period: MLA (1962-1967); Chairman Z.P (1959-64); President of District Cooperative Marketing Society (1968-76);

Chairman, State Chamber of Panchayat Raj (1969-71); and Member of PCC for more than a decade.

One of the other two factions was led by Mullapudi Harishchandra Prasad. Mullapudi is one of the leading industrialists of the State and he has shares in Andhra Sugars Ltd., Tanuku; and Andhra Jyoti (a Telugu daily and weekly published from Vijayawada); besides owning fertile lands. The core of his faction was socially homogenous and support base consisted of (mainly) Kammas. In fact Mullapudi had little interest either in State politics or in district politics. But his economic power made him a leader of a faction which dominated Tanuku taluq—one of the most fertile taluqs of Andhra Pradesh.<sup>54</sup>

Ranga Raju, a Kshatriya landlord cum industrialist was the leader of another faction during this phase. His support base was restricted to the Kshatriyas. But due to his extensive kinship ties with the important political leaders outside the district Raju was able to gain patronage disproportionate to his political base. As a result he occupied several important positions in the district during this phase. He was President of Akiveedu Panchayat Samiti (1959-64); Vice-President of Zila Parishad (1959-64); and MLA (1962-67).

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54 Mullapadi was elected to the Madras Legislative Council in 1952 on KMPP ticket and in 1955 he joined the Congress and was a member of Legislative Assembly during 1955-1967. Though Bapineedu and Mullapudi have distant kinship ties, they were always at loggerheads at district level politics and never spared a chance to sabotage each other's political career (and economic interests).

The introduction of Panchayat Raj in 1959 in Andhra Pradesh created a niche for the supporters of the Congress Party at various levels in the hierarchy of political power and accentuated the intra-Congress factionalism.<sup>55</sup> In West-Godavari it accentuated the struggle between the Bapineedu and Murthy Raju factions. Both the factions mobilized their men and material to capture these newly created offices. However, Bapineedu, with the blessings of Sanjiva Reddy, was successful in the struggle and became the first Chairman of the Zila Parishad. He made Ranga Raju, another factional leader and President of Akivedu Panchayat Samiti, as the Vice-Chairman of Zila Parishad.

The Panchayati Raj was introduced almost simultaneously with the IADP. The result was the two almost became competing centres of power. Cooperatives offering an alternative opportunity for the pursuit of both political and economic interests for individuals and groups. Very often, rival factions had tried to capture both these institutions in order to

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55 It is a three tier system: gram panchayats at village level; Panchayat Samiti at block level and Zila Parishad at district level.

With the enactment of A.P. Samiti and Zila Parishad Act of 1959, Panchayat Samitis at block level came into being with effect from the first of November, 1959, and the Zila Parishad for the district was formed on the first of December 1959.

In West Godavari the number of blocks rose to 25 by the 1 April 1964, a general delimitation of blocks was done in the district in 1964 on the recommendations of the Block Delimitation Committee set up for the whole state and the number of Panchayat Samiti blocks was reduced to 16.

neutralize their opponents. The IADP programme made agricultural cooperatives extremely significant centres of power and accentuated political competition as the leadership and membership of the cooperative societies and Panchayat bodies at village, samiti and zila level overlapped.

Moreover, while the Panchayat Raj system created a niche for political leaders, the IADP provided them with scarce resources to compete the elections. It is often stated that the benefited peasantry from the programme, with their newly acquired agricultural surplus income are better placed to play the game of politics. It was this class that entered the political arena in order to capture these political institutions and to further their economic interests during this period.

The other significant effect was that the Programme augmented the importance of Panchayat Raj institutions especially the Zila Parishad and Panchayat Samiti, as the IADP was implemented through the Zila Parishad at the district level and by Panchayat Samiti at block level. When it was decided to entrust the implementation of the scheme to the Zila Parishad by providing the IADP's funds as grants-in-aid, some of the legislators raised a hue and cry. They apprehended that the Zila Parishads would emerge as the rival power centre within the district with much more powers, patronage and legitimacy.

In the Third General Elections West Godavari was divided into 16 assembly constituencies and two parliamentary constituencies; the Congress contested all the seats. The Communists put up their candidates in only 9 assembly and the two parliamentary constituencies. The Swatantra, the Jan Sangh and the Republican Party of India, contested 9, 2 and 3 assembly constituencies, respectively.

The Congress won 10 assembly seats polling 49.1% of the total valid votes polled. The communists who drew a blank in 1955 elections won 5 seats securing 25.3 per cent of the total valid votes polled. The Swatantra, RPI, and Jan Sangh polled 4.2 per cent of the total valid votes. All the candidates of the RPI and Jan Sangh and 8 out of 9 candidates of the Swatantra party lost their deposits in the elections. The Congress and the CPI obtained one Lok Sabha seat each. While in Narasapur, the Congress nominee Datta Balarama Raju defeated the Communist leader Udda Raju Ramam and in Eluru, the Communist candidate Mrs Vinla Devi defeated the then sitting M.P. Mothey Veda Kugari of the Congress Party.

The 1964 split in the CPI had a powerful impact on the district political processes. On the one hand, it affected the prospects of the communist movement in the district which was regaining its strength from the 1955 debacle,

and on the other, it made the intra-Congress factionalism more acute as none of the two parties (CPI or CPI-M) was in a position to challenge the Congress. The split in CPI was vertical in nature and divided the party's rank and file. After the split, the CPI was strong in Eluru town and in the Tanuku, Tadepalligudem and Kovvur taluqs. Much of the CPI (M)'s strength was however, concentrated in Narasapur, Bhimavaram taluqs. (Among the leaders, Vimla Devi, and Vanka remained with the CPI. Uddaraju Ramam, Rudra Raju Sathyanarayana Raju and Polisetti Seshavataram joined the CPI (M).) 56

During the Fourth General Elections of 1967, the intra-Congress factionalism reached its zenith. All the factional leaders tried their utmost to defeat the Congress party candidates of the opposing factions and consequently, three out of the four Congress candidates (Bapineedu, Ranga Raju and Mullapudi) were defeated in the elections.

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56 The split in the Communist movement weakened the agricultural labourers movement in the district. In fact the sharp ideological debate within the party in the wake of the split contributed to a decline in the mass struggles. The CPI which led the anti-Zamindari movement in early fifties was unable to capitalize on the polarization accentuated by the IADP. In the absence of a mass struggle by the two Communist parties, the sharp economic polarization led to the strengthening of the grip of capitalist farmers over agricultural labourers. The CPI & CPI (M), due to their differing positions on the agrarian situation did not take the initiative and led any mass movements of the agricultural workers except a few sporadic strikes in some places in West Godavari. On the other hand from 1967 to 1971 at the State level the two Communist parties aimed at demanding the legislation of a comprehensive

The Congress party received a great setback in the elections. Due to the intense 'intra-party factionalism' four of its candidates were defeated at the hands of the independents supported by the rival factional leaders and two were defeated by the CPI (M) candidates who got the support of the Congress leaders. As mentioned earlier, except Murthy Raju, all the other factional leaders (Bapineedu, Mullipudi, Ranga Raju), were defeated.<sup>57</sup> However the Congress Party got 10 seats polling 46.9 per cent of valid votes polled. On the other hand the CPI and CPI (M) contested in 8 and 9 constituencies (both the parties contested in 2 constituencies) respectively. The CPI (M) got two seats and secured 13.6 per cent of the valid votes and the CPI failed to get a seat while obtaining 9.4 per cent of the votes polled.<sup>58</sup> The Swatantra, the RPI and the Jansangh drew a blank and they together got 1.3 per cent of valid votes polled. The independents contested in 15 constituencies and won in 4 constituencies and acquired 28.8 per cent of the valid votes polled.

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/foot note No. 56 contd.. /

land reform laws and distribution of some banjar lands. As a result the sharp economic polarization perpetuated IADP was not translated into political consciousness and ultimately did not crystallize into political polarization.

- 57 After the defeat in the elections, Mullapudi, Bapineedu and Ranga Raju never contested for the Andhra Pradesh Legislative Assembly. Mullapudi and Ranga Raju went into political hibernation while Bapineedu was elected to the State Legislative Council.
- 58 In two constituencies (Attli and Eluru) the total votes polled by both the CPI & CPI(M) exceeded the total votes polled by Congress candidates.



The results of the Third General Elections to the Lok Sabha underlined the electoral disadvantage of the split in the Communist movement as far as the two Communist parties were concerned. For the first time, the Congress candidates secured the two Parliamentary seats in West Godavari. In the Narasapur constituency the Congress candidate secured 44.55 per cent of votes polled. While, the CPI (M) and CPI together polled a clearly majority of the popular vote, 51.6 per cent. In the Eluru constituency, the Congress candidate Kommareddy Suryanarayana captured the seat by a margin of (less than 2000 votes) 0.5 per cent of valid votes polled.

Bapineedu, who was defeated in the 1967 election was once again elected for the post of Zila Parishad in 1969 as his faction won a number of gram panchayat and panchayat samiti offices. Later, Brahmananda Reddy made Bapineedu the Chairman of State Chamber of Panchayat Raj (1969-71).

The above description of factionalism in the Congress is just not a mere interplay of individuals. These leaders fought with each other essentially to gain more influence over the distribution of patronage, the allocation of development funds. It was also said that their fight was only skindeep as all these factional leaders were drawn from the dominant classes and they acted as a powerful group in the assembly articulating the interests of landed rich during the formulation of Ceiling Acts.

1971 - 1981

The third phase of democratic politics in the district was often referred to as the "Period of Mass Awakening". The emergence of Mrs Gandhi as an undisputed leader at the Central level and her direct appeal to the masses brought about many changes in the political process at lower levels. Her charisma coupled with populist slogans like "garibi hatao", rendered the vote banks and factional leaders in West Godavari less important in the electoral mobilization and thus brought about a marked change in the political behaviour of the masses especially among Harijans.

The results of the mid-term elections to the Lok Sabha in 1971 gave the Congress a massive majority in Andhra Pradesh. In West Godavari the Congress nominees won in both the Narasapur and Eluru constituencies with good majorities. However, the election results of 1972 still echoed the factionalism. The Congress Party contested all the 16 seats but won only 10 seats polling 51.1 per cent of total valid votes. The independents put up and supported by the local Congress leaders got 5 seats obtaining 33.5% of valid votes polled.<sup>59</sup> The CPI contested in 3 constituences and won a seat securing 9.6 per cent of votes. The CPM, the

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59 In the beginning the independents organised themselves into a group named "People Democrates" and later joined the Congress.

benefitted party from the intra-congress factionalism in 1967, contested in 3 constituencies. It failed to win a seat through it got 6.5 per cent valid votes. Together, the BJS, RPI and other parties obtained 2 per cent of the valid votes polled.

After the elections the Congress formed the government under the leadership of PV Narasimha Rao. Murthy Raju was elevated to the Cabinet rank in the new ministry and it made him more popular and prominent in West Godavari politics.<sup>60</sup>

The new Congress ministry passed comprehensive land reform measures. The direct result was the Andhra Pradesh Land Ceiling Act of 1973 with lower ceiling limits. The resistance against the agitation was spearheaded by the hard core of the official group of P.V. Narasimha Rao in the State and in West Godavari. Parkala, Murthy Raju played a leading role in organising the 'anti-movement forces'. However, the movement eroded the position of P.V. Narasimha Rao who was succeeded by Vengala Rao.

*the landed rich of the district sharply reacted against the Act and financed the* Jai Andhra Movement.

The defeat of the Congress in the Northern States and formation of Janata government in 1977 at the Centre had influenced the political process in West Godavari. However, the

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<sup>60</sup> However, the rise of Parkala Seshavatararam during this period resulted in balancing the influence of Murthy Raju in West Godavari. Parkala, a disciple of Aalluri came into prominence hereafter essentially due to his proximity to the Chief Minister, P.V Narasimha Rao.

1978 split in the Congress, unlike the 1969 split had a powerful impact on West Godavari district politics. Parkala and some state ministers resigned from Vengala Rao Cabinet accusing the State leadership of 'anti-Indira stand'. Parkala and Murthy Raju with their supporters joined the Congress (I) and a number of legislators (6) remained with the Congress (S). Bapineedu with his followers and 2 MLAs drifted to the Janata Party.

The results of the Sixth General Elections were spectacular in West Godavari. The Congress (I), once again swept the polls.<sup>61</sup> It bagged all the 16 seats polling 48.03 per cent of valid votes polled. The Janata Party emerged as the second major party in the district obtaining 25.1% of valid votes polled. Aalluri, Sarvarayudu, son of Bapineedu contested on the Janata ticket and lost to the Congress (I) nominee.<sup>62</sup> The Janata candidates contested 14 seats and lost deposits in 2 constituencies. The Congress (S) contested 14 seats and lost its deposits in 7 constituencies. The CPI, CPI (M) and RPI (K) contested 2 each. The CPI obtained 3.16 per cent of votes and the CPI (M) got 3.14 per cent of votes. All the independents lost their deposits.

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61 The Congress swept the polls in 1975 mid-term elections. For voting trends in West Godavari (Assembly Elections) see, Appendix V.

62 However, within a few months, Sarvarayudu was reelected to the Rajya Sabha on the Congress (I) ticket.

Soon after the elections, Bapineedu joined the Congress (I). The Janata and Congress (S) suffered a substantial erosion due to massive local defections. Parakala got a berth in the Chenna Reddy Ministry and later was elevated to the rank of Cabinet minister. Anjaiah succeeded Chenna Reddy as the Chief Minister in October 1980. Parakala was given the portfolio of Panchayat Raj in Anjaiah's Ministry and he played a prominent role in conducting the Panchayat elections in 1981 after a gap of 11 years.

The sudden death of Parakala in January 1982 once again revived intra-congress factionalism in West Godavari district. In the wake of Panchayat Raj elections both Murthy Raju and Bapineedu projected themselves as the major factional leaders. Bapineedu group selected Maganti Rabindranath Choudhary, a land lord, film-producer and a leading arrack contractor in the state for the Zilla Parishad Chairmanship. He won the election. Murthy Raju sponsored the candidature of Bhupati Raju Vijaya Kumara Raju, the President of Vissakoderu. After the Zilla Parishad elections in the district, a new faction consisting of Maganti-Bose-Sarvarayudu sprang up and dominated the district politics.<sup>63</sup>

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63 Subhash Chandra Bose, M.P., Son of Aalluri Satyanarayana Raju, Maganti, son of Seetha Ram Das, and Savarayudu, M.P., son of Aalluri Bapineedu, were dominating the district politics after the death of Parakala.

The account of the three decades of democratic politics underscores the domination and control of the landed classes-cum-peasant castes' in the politics of West Godavari. The logic of the socio-economic and political system is such that the reins of power invariably go into the hand of those who have economic power backed by numbers. The rise of the peasant castes possessing these twin advantages have been able to establish their firm grip over district politics displacing the traditional leadership of the Brahmanas and the Vaisyas who reigned supreme during the freedom struggle.

The most striking feature of the three decades of politics in West Godavari is the transition from a multi party system into one-party dominance. The merger of KLP and KMPP into the Congress, the ideological split in the Communist Party of India in 1964 and the emergence of a charismatic leader at the Central level were the dynamics of this transition. Further the Congress' monopoly over cooperatives and Panchayat Raj structures quickened the process.

CHAPTER THREE

ORIGIN AND GROWTH OF COOPERATIVE MOVEMENT

IN WEST GODAVARI

Before the introduction of cooperatives, the credit requirements of the agriculturists in the district, were met mostly by the village shahukars (moneylenders) and the village bhukamandulu (landlords) whose rates of interest varied from 12 per cent to 50 per cent, depending on the individual and the need and time for the credit. Moreover, the creditor was also forced to sell his crops through these moneylenders at a price already settled, obviously to the farmer's disadvantage. The regime of the individual moneylenders was exploitative in other ways also. He had no rule to guide his business, he kept no proper accounts and was too often prone to trade on the necessity of his clients and was thus able to exact unreasonable terms when opportunity had arisen. In some cases, the only restraining influence was the fear of personal violence.<sup>1</sup> There were also some institutions like Nidhis and chit funds acting as indigenous banking agencies in the urban areas of the district.

### The British and Cooperation in India

The British government, taken into consideration the magnitude of the violent peasant uprisings against the

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1 Hemingway, F.R., The Madras Cooperative Manual, Vol. 1, pp. 4-5, (Revised by H.M. Hood), Madras, 1930



village moneylenders at the end of the 19th century in Deccan and Punjab, viewed 'Cooperation' as a proper solution to the problems of aggrieved ryots. The government wanted to check this epidemic immediately before it spread all over the country where objective factors were much the same. The Central Government after a few years decided to adopt Cooperative Act due to the various recommendations of individuals like F.D. Nicholson, H. Dupernex and the reports of various famine committees (especially the Famine Commission of 1901 which had F.D. Nicholson as a member). The government offered cooperation as a panacea for all the ills of rural India and the Cooperative Credit Societies Act X of 1904 came into being. Since this Act did not provide for the formation of societies other than credit societies, the British Government modified the Act in 1912 according to which non-credit societies also came under the purview of the Act. Later in 1919, the colonial regime transferred cooperation to the Provinces from the Concurrent List.

### The Madras Government and Cooperation

The Madras Provincial Government was very much aware of rural problems, particularly the serious implications of rural indebtedness. The problem was underlined by the Deccan

and Punjab peasant uprisings which compelled the Government to appoint F.D. Nicholson in 1892 to suggest ways and means of resolving rural indebtedness. They favoured starting co-operatives in the region on the Raiffeisen Model.

In 1927, almost eight years after the cooperation was transferred to the provincial list, the Madras government appointed the Townsend Committee to examine the progress made by the cooperative movement in the province and to suggest the lines on which it should be further developed. Among the Committee's recommendations, was the suggestion that suitable legislation should be undertaken to remedy the faults in the actual working of the Act of 1912 was of great significance. Later the Madras government introduced the legislation known as the "Madras Cooperative Societies Act of 1932"<sup>2</sup> to remedy the defects noticed in the Act II of 1912.<sup>2</sup> Furthermore, a separate enactment known as the Madras Cooperative Land Mortgage Banks Act of 1934 was passed to regulate the working and sound development of the land mortgage banks in the Province. In 1940, the Vijaya Raghavachariar Committee on cooperation, appointed by the then Madras Government, recommended the expansion of the rural credit by formation of larger types of societies on the basis of limited liability. The Rayalaseema Coopera-

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2 With some minor amendments from time to time, the Act continued to be in operation till 1964.

tive Committee which was also appointed by the provincial government recommended abolition of the middle tier in the cooperative structure, viz. District Cooperative Central Banks and Primary Land Mortgage Banks and supplying finance to the agriculturists by the Apex cooperative institutions directly. Many of these recommendations were not acceptable to the government for various reasons. These two committees unanimously favoured the conversion of Primary Agricultural Cooperative Societies (hereafter referred to as PACS) into Multi-Purpose Societies to bring about all-round progress in the rural areas.

### Growth of Cooperative Movement in Pre - Independence India<sup>3</sup>

Even before the opening of the District Cooperative Central Bank, there were some primary Agricultural Cooperative Credit Societies functioning in certain areas in the erstwhile Krishna District.<sup>4</sup> These cooperative societies were the forerunners of the movement in West Godavari district: The Gundugolanu Cooperative Credit Society Ltd., (1916); The Achanta Cooperative Credit Society Ltd., (1917);

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3 Data under this title were collected from the Reports on the Administration of the Madras Presidency from 1925-26 to 1945-46; and the West Godavari District Gazetter, 1979 (Revised Edition), Government of Andhra Pradesh, Hyderabad

4 The present West Godavari district excluding Polavaram Taluq was a part of the old Krishna district prior to 1925

The Polamuri Service Multipurpose Cooperative Credit Society, (1916); The Meenavilluru Cooperative Credit Society Ltd, (1918); and the Dendulur Cooperative Society Ltd, (1918). The movement gradually gained momentum in the Krishna district, and by 1915-16 there were 76 societies. The PACS in the district were organised on the 'Raiffeisen Model'. They were organized with unlimited liability and consisted mostly of agriculturists.

The opening of DCCB was a landmark in the history of the cooperative movement in Krishna district. The Eluru Cooperative Central Banking Union was opened on 30th November, 1918. Peddada Sambasiva Rao Panthulu, Mothe Ganga Raju, the Zamindar of Eluru and Mocherla Ramachandra Rao Panthulu were instrumental in the formation of the Bank. By the end of the same year the DCCB was working with Rs.16,570 as share capital and twenty-nine members as share holders.<sup>5</sup>

In 1925, when the West Godavari District was formed the Eluru Cooperative Central Banking Union was renamed as the West Godavari District Cooperative Central Bank and it was expected to serve all the taluks except Bhimavaram and Polavaram since they were already served by the Krishna Cooperative Central Bank and the Rajahmundry Cooperative

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5 P. No. 2, Brief History of the Cooperative Central Bank, Golden Jubilee Edition, (Telugu), Eluru.

Central Bank respectively.<sup>6</sup> Since its inception the Bank had taken the responsibility of propagating cooperative principles and ideals. The Bank also took an active role and participated in the cooperative meetings which were held in the district in the years of 1926, 1935, 1936, 1937, 1939, 1940 and 1941. Among these an important Andhra Cooperative Union Conference was held at Bhimdole, West Godavari District on 29th April 1941. This conference unanimously agreed with the view of the Vijaya Raghavachariar Committee about bifurcating the new Madras Provincial Cooperative Central Bank and setting up of two separate banks for the Telugu and Tamil areas.<sup>7</sup>

In these early days the primary cooperatives also issued long term loans to the farmers. Later it was realised that it was not a satisfactory solution to the problem and in 1930 three Cooperative Land Mortgage Banks were established at Bhimavaram, Penuganda and Eluru for providing long term loans to the agriculturists. The long term loans were given for the discharge of prior debts.

During these years, the growth of the agricultural credit movement was directly dependent on the developments

6 Even still these two taluks are served by the same Banks.

7 "The 11th Andhra Provincial Corporation", The Indian Cooperative Review, Vol. VII, No.2, April-June 1941, pp. 336-340

in the agriculture sector. While a good harvest acted as a catalytic agent for the growth of the movement, a bad season resulted in an alarming rise of overdues. The period from 1918 to 1930 coincided with a steady rise in the level of agricultural prices and as a result the number of societies rose to 430. The cooperative societies as much as other aspects of economic life, were affected by the Great Economic Depression of 1930-31. Many societies fell into arrears to the District Cooperative Central Bank and several of them were liquidated as a result of the policy of consolidation and reconstruction of societies. Consequently, by the end of 1935-36, the total number of societies declined to 349. The cyclone accompanied by heavy rainfall at the end of the year 1935 in the regions of West Godavari, Krishna and Guntur affected the cooperative movement which was still recovering from the 1930's depression because of which the repayments by members to the societies and by societies to the Central Bank were still poor in these years. Though the prices of agricultural commodities continued to soar, especially after 1946, agriculturists of West Godavari district could not extricate themselves from the after-effects of the depression and the progress of the movement was, therefore, very sluggish.

Although the marketing of agricultural produce was attempted in the late twenties by the Madras Presidency, it

was only in 1942 that the West Godavari District Marketing Federation came to the rescue of the ryots. The Bhimavaram Cooperative Marketing Society (1935) and the Penugonda Cooperative Marketing Society (1935) were the pioneering primary marketing societies in the district. (Prior to 1940 these societies were known as cooperative loan and sales societies). These societies not only financed agriculturists for storing their produce in order to secure adequate prices, but also helped the rich middle men and big traders who were storing particularly paddy in large quantities and creating an artificial scarcity of paddy.<sup>8</sup>

While the growth of agricultural credit societies suffered a set back, the nonagricultural cooperative credit societies like those of weavers and noncredit agricultural societies like marketing societies increased in number in the district during the pre-independence days.<sup>9</sup>

Growth of Voluntary Leadership and Attitudes of Political Parties in Pre-Independence Era

Cooperation, in the modern sense was introduced

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8 Mothe Ganga Raju, the Zamindar of Eluru and President of the DCCB, Eluru, raised his voice against these societies in his welcome address at the 11th Andhra Provincial Conference held at Bhimdole in the district, See, The Indian Cooperative Review, Vol.VII, No.2, April-June, 1941, pp. 336-340

9 The West Godavari District Gazetteer, 1979, (Revised Edition), Government of Andhra Pradesh, Hyderabad, p. 107

from above.<sup>10</sup> During the early years, initiative in cooperative work was taken by the British colonial government and its officials. The need to maintain an alien regime necessarily forced the colonial government to discourage the growth of non-official leadership.<sup>11</sup> Consequently, cooperatives were regarded as the government sponsored institutions and local men looked at them with much suspicion. Hence, the presence of non-official leadership in these early stages was insignificant.

The attitude of Congress toward cooperative movement during early twenties was that of suspicion. However, its attitude towards cooperatives underwent a remarkable change ever since Gandhi made his Constructive Programme an integral part of the Congress activities and more particularly after the adoption of the Economic Programme by the Karachi Congress (1930).<sup>12</sup> From then onwards Congress took an active role in cooperatives and prominent Congressmen stressed the need to establish a liaison between the Congress and cooperative movement.<sup>13</sup>

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10 ~~The cooperative movement was inaugurated in India on 24 March 1904 by British Government~~

11 Writings and Speeches of Professor D.R Gadgil on Cooperation, Gokhale Institute of Politics and Economics, Poona, 1975, p. 88

12 Editorial, The Indian Cooperative Review, January 1936, Vol. II, No. 1, pp. 5-6

13 Pattabhi Seetharamaiah, Bhogaraju, The Cooperative Movement and the Economic Programme of the Congress, The Indian Cooperative Review, January 1936, Vol. II No. 1, pp. 8-13



There were however other parties, such as the Justice Party ('the Loyalists') which took little interest in the cooperative movement. The class base of the party leadership, particularly their strategy of mobilising people on the basis of caste and community influenced their attitude towards the cooperative movement. The village Bhukamandulu the traditional money-lenders in the Justice Party strongly resented the cooperatives which they viewed as alternative sources of credit which challenged their monopoly over credit net works in rural areas.

The Congress men took active role in the movement not because they liked to collaborate with the colonial government but because they wanted to use the institutions to protect the ryots who were oppressed by the traditional moneylenders. The cooperative work had its own political effectiveness in the days of the national movement. In fact, it would be erroneous to brand the early cooperators as 'Loyalists' or those who were not militantly against the colonial rule.<sup>14</sup> In fact, the early cooperators fought with the same vigour even after their involvement in the cooperative movement.

Another important aspect of the Pre-Independence cooperative leadership was the relation between the leaders

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14 Unfortunately, both Gadgil and Baviskar argue that early cooperators were either 'loyalists' and 'collaborators' or those who were not opposed, at least not militantly, to colonial rule; Gadgil, Op Cit, p. 87-95; Baviskar, Op Cit, p. 203

of cooperatives and those in the political sphere. Even during these days, there was an overlapping leadership between local boards of administration and cooperatives. The colonial government which discouraged the growth of spontaneous and voluntary leadership regarded this phenomenon as:

"... An unfortunate tendency which has of late become very marked in the cooperative movement is its dependence on local board politics and the efforts made by them to capture places of position in cooperative societies with a view to further their interests in local boards and municipalities".<sup>15</sup>

In West Godavari, overlapping of leadership between local boards and cooperatives was very common during these years. For example, in early thirties, Maganti Seetharama Dass was the treasurer of the Eluru ADB and also member of the District Board. In late forties he became the President of the Bank and also the President of the Board. Kommareddy Suryanarayana was the President of the District Board (1946-49) and member of the District Board (1949-52). He was the President of the Eluru Taluk CMS (1947-1952). Javvadi Lakshmayya Naidu was the President of the Penugonda Panchayat Board and the President of the Penugonda CMS, Penugonda ADB and Penugonda Cooperative Credit Society.

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15 Report on the Administration of the Madras Presidency for the year 1932-33, pp. 55-56

However, work in Cooperatives had little political effectiveness in the pre-independence period because of 'restricted franchise'. Even under the so called progressive Madras Local Boards (Amendment) Act of 1930, franchise was restricted to propertied classes and only extended to 'every income-tax assessee'.<sup>16</sup> Secondly, the 'scope', 'scale' and 'depth' of cooperatives was very limited. As such, these bodies were not at all in a position to make any impact on the voters drawn from the propertied classes. Hence, positions in cooperatives did not offer much scope for political advancement. In fact, it was only two decades later that the cooperative institutions became the real sinews of political power.

#### Growth of the Cooperative Movement in Post Independent India

After independence, co-operative societies grew in number and covered a variety of activities due to the liberal financial assistance made available to them by the Congress government. The Five Year Plans laid great emphasis on the spread of the movement and the cooperatives were regarded as a means to bring about the socialistic pattern of society.

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16 The District Gazetteer : West Godavari, 1979,  
(Revised Edition), Government of Andhra Pradesh,  
p. 172

With the bifurcation of the Madras Presidency on linguistic lines, a separate Andhra State was carved out on 1 November 1953. After a few years, the Nizam's Telugu speaking areas (popularly known as Telangana) were merged with it, thus creating Andhra Pradesh on 1 November, 1956. The new government took an active interest in the cooperative movement and the number of societies and the percentage of agricultural population covered by these societies increased considerably.

The establishment of large sized primary Agricultural Cooperative Credit Societies (LSCS) with large but compact areas of operation, limited liability, state partnership and paid management as recommended by the All India Rural Credit Survey Committee (1956), was set up during 1956-57 on a pilot basis in some selected districts in Andhra Pradesh and was later extended to West Godavari as well. The main object of the LSCS was to meet the credit requirements of the rural households engaged in agricultural operations.

The Andhra Pradesh government realised the need for streamlining the cooperative structure and adopted an Act to this effect in 1964. Thus the enactment of Andhra Pradesh Cooperative Societies Act of 1964, replaced the two different cooperative laws in the Andhra and Telangana region which provided a great boost to the cooperative

movement in the district. Thus it took almost eight years to streamline the cooperative structure in the state by amalgamating the apex societies in the fields of credit and marketing. However, the two Central Land Mortgage Banks were merged into one Bank under the Andhra Pradesh Land Mortgage Act of 1961.<sup>17</sup>

The cooperatives in Andhra Pradesh after 1964 are organised on the following lines.

The Cooperative (Short and medium term) credit societies have a three tier system. The three tier system has a pyramid shape. While a large number of village level PACS form the base, the District cooperative Central Banks consist of the middle tier and the State Cooperative Central Bank is at the apex level.

The cooperative (long term) credit societies have a two tier system, viz. the Primary Agricultural Development Banks at the base (generally at taluq level) and the Central Agricultural Development Bank at the state level.

The Cooperative Marketing Societies are working on the basis of a three tier model. The PCMS at taluq level, make the base, the DCMS form the middle tier and the Central Cooperative Marketing Society is at the apex level.

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17 For further details on the growth of cooperative movement in both the regions, i.e. Andhra and Telengana, see, Rao, L.R., Op Cit.

CHART I

THE COOPERATIVE STRUCTURE IN ANDHRA PRADESH

S. No.	I T E M	STRUCTURE	LOCATION				
			VILLAGE	TALUQ	DISTRICT	STATE	
1	Credit	Short and Medium Term	Three Tier	Apex Middle Base	PACS	DCCB	APSCCB
		Long Term	Two Tier	Apex Base		PADB	APSCCADB
2	Market- ing	Three Tier	Apex Middle Base		PCMS	DCMS	APSCCMS

Abbreviations: PACS Primary Agricultural Credit Societies  
DCCB District Cooperative Central Bank  
APSCCB Andhra Pradesh Cooperative Central Bank  
PCMS Primary Cooperative Marketing Society  
PADB Primary Agricultural Development Bank  
APSCCADB Andhra Pradesh State Cooperative Central Agricultural  
Development Bank  
APSCCMS Andhra Pradesh State Cooperative Marketing Society

According to the above structure, the flow of credit and marketing services in the state is presented in the next diagram.

The Intensive Agricultural Development Programme and Cooperatives

The satisfactory state of cooperative societies in West Godavari was one of the basic reasons for selecting the district for the implementation of 'Package Programme' as early as 1959.<sup>18</sup>

Under the Intensive Agricultural Development Programme (IADP) as far as the cooperative aspect was concerned the scheme envisaged:

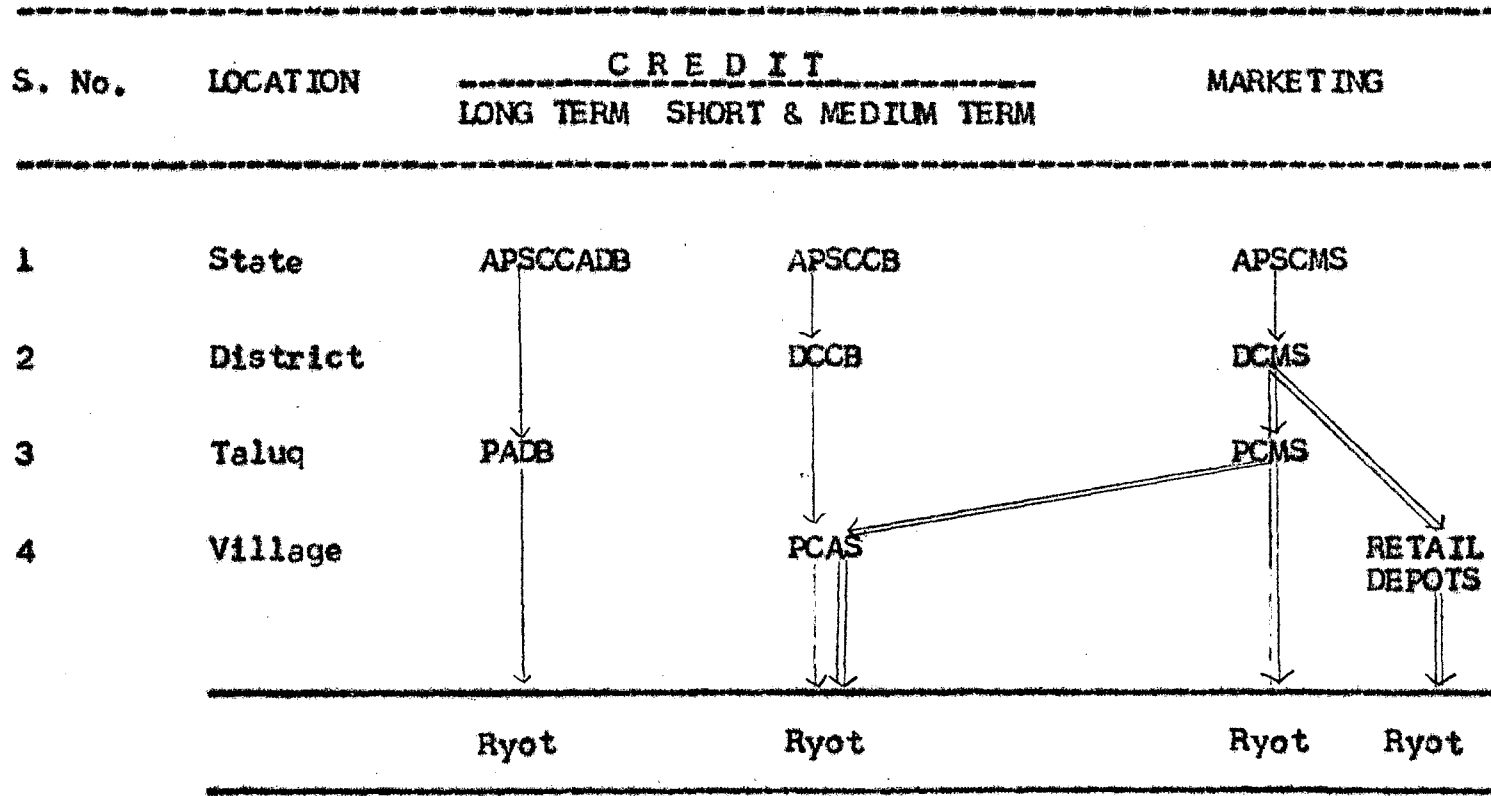
- (i) Provision of adequate and timely supply of credit based on production plans;
- (ii) Supply of means of production such as improved seeds, fertilizers, pesticides and agricultural implements; and
- (iii) Arrangements for effective linking of credit with storage and marketing of agricultural produce through cooperative marketing societies.<sup>19</sup>

Before the introduction of this Package Programme, West Godavari was the only district in Andhra Pradesh in which cent per cent villages were served by cooperatives and 47.1 per centage (maximum percentage in Andhra Pradesh) of rural population was served by these organizations. The

18. The basic criterion was the existence of well developed institutions like Cooperatives and Panchayats.

19. Report on the Working of Cooperative Societies in the State

CHART 2  
FLOW OF COOPERATIVE CREDIT & MARKETING  
SERVICES



———— Direct flow of credit and marketing facilities.

==== Flow of fertilizers, etc.



following table shows the districtwise coverage of population of villages in Andhra Pradesh on 30.6.1961.

TABLE 3.1

THE PERCENTAGE OF AGRICULTURAL POPULATION AND VILLAGES COVERED BY COOPERATIVES IN ANDHRA

S No.	Name of the District	Percentage of villages covered	Percentage of rural population covered
1.	Ananthpur	90.4	21.4
2.	Chittor	84.2	23.8
3.	Cuddappah	89.5	18.6
4.	East Godavari	67.2	42.2
5.	West Godavari	100.00	47.1
6.	Guntur	98.0	19.4
7.	Krishna	99.4	46.5
8.	Kurnool	98.9	25.4
9.	Nelloore	82.9	23.9
10.	Visakhapatnam	61.6	38.3
11.	Sri Kakulam	69.6	25.7

Source: Report on the working of Cooperative Societies in the Andhra Pradesh State, for the year ending 30 June 1961, Govt of Andhra Pradesh, Hyderabad, p. 69

Further the number of agricultural families covered by cooperatives had risen from 45 per cent at the time of commencement of the scheme to 65 per cent at the end of the

/foot note No.19, Contn/

of Andhra Pradesh for the year ending 30.6.1961.  
Government of Andhra Pradesh, Hyderabad, pp.59-61

year 1964 when the participating farmers joined the cooperatives to get services. The percentage of agricultural families covered in some deltaic blocks, was very high while in the up land areas and agency blocks the coverage was not very considerable.<sup>20</sup>

After the introduction of the scheme many changes were introduced in the pattern of short term credit policies of the DCCB. The maximum borrowing power of the PACS was enhanced in order to enable them to meet the requirements of all the participating members in their areas. The individual maximum credit limits were also amended.<sup>21</sup> For example, the short term limits had been raised from Rs.1000/- to Rs.2000/- in the case of Primary agricultural credit societies and from Rs.2000/- to Rs.4000/- in the case of LSCS and CRBs. The limit upto which a loan on surety is to be given was also raised from Rs.500/- to Rs.750/- to facilitate the farmers to borrow more on surety.

Since it was the DCCB that channelized credit to the PACS, LSCS, CRBs, the borrowing capacity of the DCCB increased considerably with the introduction of the Package Programme. Long term loans (repayable over a period of 10 to 15 years) were given for development purposes like improvement of lands, sinking of new wells and repair of old ones and purchase of agricultural implements and allied machinery.

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20 Annual Programme Planning, 1964-65., IADP, West Godavari, Prepared by District Organization, IADP, Eluru, pp. 63-64

21 Ibid, p. 65

There are eight Agricultural Development Banks functioning in the district and these institutions are financed by the Andhra Pradesh State Cooperative Agricultural Development Bank. Of the eight banks, the Eluru Agricultural Development Bank issued the maximum number of loans and had the highest membership and paid up share capital. As early as in 1969-70 the loans issued by the Eluru Bank were Rs.230.25 lakhs, while the Bhimavaram ADB which was second in the district issued only Rs.164.98 though both the banks were started in the same year.<sup>22</sup>

The West Godavari District Cooperative Marketing Society was the wholesaler for the distribution of chemical fertilizer, iron and steel. It was the monopoly distributor of chemical fertilizers till the middle of October, 1967. Since liberal use of fertilizers was one of the basic tenets of the package programme, the business of the DCMS had reached new heights during the years 1961-67. The monopoly over distributing scarce fertilizers, however, came to an end in October 1967 because of the increase in the supply position. After opening of MARKFED branches at the district level the DCMS gave up whole sale distribution of fertilizers to its member societies. The society is now planning to take up activities like fire works (seasonal), rice, and L.P. gas distribution. , to revive the society from the slump.

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22 Hand Book of Statistics for the Year 1969-70.  
1971, Zilla Parishad, Eluru, West Godavari, p. 140

The agricultural cooperatives in the district supplied cheap credit, improved local varieties, scarce fertilisers and pesticides, to the participating peasantry. In West Godavari, the short-term credit provided by the cooperatives, had always been of high magnitude. From the beginning of the Package Programme to 1966 all most all credit requirements of the agricultural population were met by the cooperative societies. The government issued loans formed only a marginal part of the total credit requirements. From 1966-67 onwards when the commercial banks began to advance loans, the magnitude of loans advanced by the cooperatives varied from 50 to 60 per cent of the total amount of credit advanced. (Figures given below in Table 3.2).

In order to maximise profits, the rich farmers, who participated in the Package Programme wanted to process their marketable surplus for which they established cooperative rice mills in the district. Thus eight out of nine cooperative rice mills were set up in the two years between 1966-68. Out of the eight cooperative rice mills established after bumper harvests, the Modern Rice Mill (MRM) at Tadepalligudem has a special significance, as it is one of the seven Modern Rice Mills set up in the IADP districts. Most importantly, its processing capacity is the highest among the cooperative rice mills in the district. It processes four tons of parbilled paddy or 3 tons of raw paddy per hour.

TABLE 3.2AGRICULTURAL CREDIT : SHORT TERM LOANS ADVANCED TO CULTIVATORS (Amounts in Lakhs)

S No.	Year	Cooperative Societies	Commercial Banks.	Govt. IMS Loans	Total
1	1960-61	11.88	Not available	2.99	14.17
2	1961-62	332.02	do	0.49	332.51
3	1962-63	64.86	do	1.64	66.50
4	1963-64	162.83	do	1.92	164.77
5	1964-65	165.12	do	8.18	173.30
6	1965-66	185.89	do	1.64	187.53
7	1966-67	172.79	223.60	0.13	396.52
8	1967-68	219.58	213.60	0.40	433.58
9	1968-69	314.93	246.00	1.86	562.70

Source: "10 years of HYV Programme and 15 years of IADP", Agricultural Information Unit, IADP, Eluru, p. 53

There are two cooperative sugar factories in West Godavari district. The palcole Cooperative Sugars Ltd, registered in 1955, went into production only in 1963 manufacturing sugar and its by products. It has an authorised credit of a core of rupees and a paid up capital of Rs.47.51 lakhs. The West Godavari Cooperative Sugars Ltd, Surappagudem started functioning on 5 January 1958. Since industrial

license to start a sugar mill had been rejected, it did not work till October 1968. While the two<sup>three</sup> private sugar factories in the district are getting enormous profits, the two cooperative sugar factories are running on huge losses.

During the years 1974-77, the Cooperative Societies were reorganised according to the Viability Programme. According to this programme dormant societies<sup>23</sup> were liquidated and potentially viable societies were formed through merger of two or three weaker societies into one viable society. The major effect was a change from the limited liability Primary Service Agricultural Societies to Primary Agricultural Credit Cooperatives with an unlimited liability. Conversion of the LSCS into Farmers' Service Societies<sup>23</sup> was also an important element in this viability programme.<sup>23</sup>

#### Management and Mode of Election in Cooperatives

Another striking feature of the cooperative movement in the district in late seventies was the 'officialization process'. The Registrar with his power laid down in the Article 16 (B) superceded all the electoral boards. In some organizations nonofficial committees were appointed to conduct the business and these committees were also replaced by

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23 Even today it is the only FSS in the district. For further details on the FSS see, 'Organization of Farmers' Service Societies in Andhra Pradesh', Cooperative Perspective, Vol.12, No.3, Oct-Dec. 1977

the person(s)-in-Charge till the recent elections held between October 1981 and February 1982. For example the DCCB was managed by a committee of MLAs appointed by the Registrar from 12.12.1975 to 31.3.1978. On 1.4.1978, the person-in-charge and continued till 16.3.1982. The Eluru ADB was under the person-in-charge from 1.4.1978 to 5.10.1982. The Tanuku CMS had person-in-charge from 1.4.1978 to 23.12.1982 and the DCMS was under the person-in-charge's supervision from 1.5.74 and the term was expired on 31.12.1981.

Before July 1981, cooperative societies used to go the polls separately when the term of the elected board was over. The Divisional Cooperative Officers, the District Cooperative Officer and the Registrar of the State were responsible for appointing the election officer for conducting the elections to cooperatives societies at various levels.<sup>24</sup> According to the Act of 1964, the elections to PACS, LSCS and CRBs were under the purview of the local Divisional Cooperative Officer and societies like ADBs, PCMS at taluq level were under the jurisdiction of the District Cooperative Officer who was a Personal assistant to the collector and the Registrar appointed election officers to societies like DCMS and DCCB. It appears that before 1978, elections to the cooperatives were of 'show-up of hands' model of voting and since 1978, the secret ballot model replaced the 'show up of hands' model of voting.

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24 The cooperative administration in the district is supervised by the District Collector. He is assisted by the District Cooperative Officer (DCO), a Personal Assistant to Collector on cooperation. The DCO, has in turn been assisted by the three Divisional Cooperative Officer (Eluru, Kovvur, Bhimavaram) and 8 taluq coop officers.

Again in July 1981 the Government introduced radical changes in the composition of the board of directors and mode of conducting elections to cooperative bodies.<sup>25</sup> For the first time, the amendment provided berths to Backward Class (2 seats) Scheduled Castes (2 seats) and Scheduled Tribes (1 seat) in the eleven member board of directors elected by the members to conduct the business of the cooperative societies. The second major change is that in the case of a cooperative sugar factory the amendment provided for a small farmer constituency and, it also mentioned that a small farmer should either be a President or a Vice-President. Thirdly, important change is that the Registrar and the Collector of the district are the election authorities in their respective jurisdictions.

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25 For details of polls held for different types of agricultural cooperatives in West Godavari between October 1981 and March 1982, see, Appendix VI. Δ VII

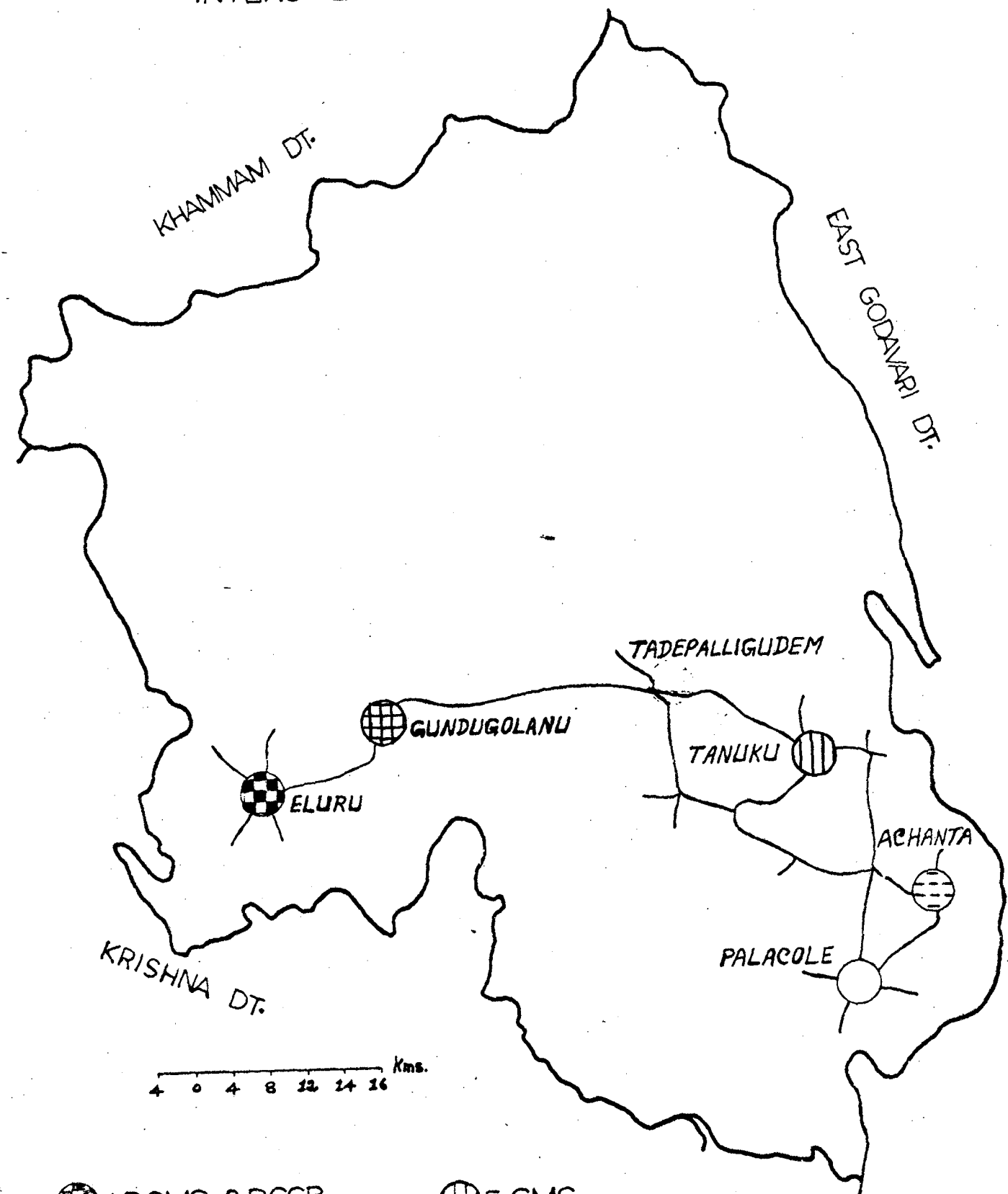


CHAPTER FOUR

POLITICIZATION OF AGRICULTURAL COOPERATIVES

CASE STUDIES OF THREE COOPERATIVES

# LOCATION OF COOPARATIVES SELECTED FOR INTENSIVE STUDY IN WEST GODAVARI DISTRICT



- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>1. DCMS</li> <li>2. DCCB</li> <li>3. ADB</li> <li>4. LSCS</li> </ul> | <ul style="list-style-type: none"> <li>5. CMS</li> <li>6. CRB</li> <li>7. PALCOS</li> </ul> |
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ROADS

With the advent of Independence, the interaction between politics and cooperatives increased dramatically. This made cooperatives an important component of the local political system. The politicization of agricultural cooperatives became an inevitable process because of the conjunction of the following three sets of forces and factors. Firstly, a nascent form of struggle for power is inherent in the structure of cooperatives constructed as they are on democratic foundations. The principle of democratic management, elections and eligibility of all members to seek an office have provided an opportunity as well as legitimacy to all political parties and factions to compete with each other for controlling these bodies.

Secondly, after independence, the cooperatives are assigned a pivotal role in the Planned economy. They were conceived as a principal means for bringing about 'changes of fundamental nature in the economy'.<sup>1</sup> They were also expected to build up 'an egalitarian nonexploitative economic and social

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1 The successive Five Year Plans assigned an important role to cooperatives to achieve the social objectives of planning. For details: First Five Year Plan, pp 163-65; Second Five Year Plan, pp.21, 221-23; Third Five Year Plan, pp.200-16; Fourth Five Year Plan (A Draft Outline), pp.135-36; and 150; Fifth Five Year Plan (Draft), pp.78-79; and Sixth Five Year Plan, (Draft and Revised) pp. 312-14; Government of India, Planning Commission.

order' functioning within the parameters of the existing structures and at the same time without radically disturbing them. They are also bestowed a vital role in various rural development programmes and agricultural development strategies. For example, in the rural development programmes ranging from the Community Development Programme to the Integrated Rural Development Programme, the cooperatives were assigned the task of rebuilding the rural economy along with other rural agencies. Consequently, cooperatives are strengthened with more scarce and valuable resources and they have emerged as new centres of power due to the significant increase in the 'scope', 'scale', and 'depth' of cooperative activities. With the enhanced power of patronage, cooperatives have become important institutions to serve some of the vital economic interests of agricultural classes which have suddenly become a 'determinant force in Indian politics'.

The third and the most important factor for the politicization of cooperatives is the introduction of Panchayat Raj. The introduction of Panchayat Raj in 1959 has accentuated the politicization process, as cooperatives and Panchayat bodies of the same level are viewed as alternative centres of power and often as a result there is overlapping leadership and membership between these two institutions. With the adoption of universal adult fran-

chise, the traditional ruling classes as well as modern political parties have to seek legitimacy for their leadership through elections. A leader's position and advancement is no more dependent upon his past sacrifices and educational qualifications, but his political advancement rests essentially on the support structure and patronage at his command. In order to get elected, an individual has to build up and strengthen his own political base by extending services, apart from activating traditional networks of relationships based on caste, kinship and village loyalties.<sup>2</sup> By controlling the cooperatives political leadership can satisfy some of the vital needs of the influential agricultural classes and the same time can build up the support structure. Not surprisingly, political parties and factions have eagerly tried to capture cooperatives.

The benefits that accrue to cooperative leadership are social, economic and political. The control over cooperatives enhances the social prestige of cooperative leadership. As soon as a member/shareholder is elected Director there is a dramatic change in his position in the cooperative, in his village and in the area of operation of cooperative society. The leadership is respected by both employees and members of the cooperative. The leadership which invites

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2      Baviskar, Op Cit, p. 204

ministers and senior party leaders on one occasion or another and these links help the leaders to improve their status in government and party circles and also among people.<sup>3</sup>

The economic benefits that flow from cooperatives are also very attractive. Invariably, the leadership is the rallying point for cooperative facilities and services and members approach the leadership to secure facilities like credit, fertilizers. The leadership which is the ultimate authority over the distribution of these facilities can help their supporters and discriminate against their opponents in the grant of loans or in its recovery. Apart from this, they derive 'material benefits' through corrupt means and use vehicles, staff, godowns of cooperatives.

Perhaps, the political gains accruing from cooperatives are the most substantial. After the emergence of the new structures of power, cooperatives have become an important avenue of mobility for ambitious peasant caste landed gentry. At village level these societies serve as springboards of power to jump into prominence and also provide the best training grounds for young politicians. In faction ridden parties, control over these societies enhances strength against the opposition. The domination over Cooperative societies strengthens support structures and widens the base

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3      Baviskar, Op Cit, pp. 113-114

of political parties and factions. Furthermore, there is a two-way relationship between the cooperatives and other structures of power. Controlling big cooperatives help the leaders to rise in party and governmental hierarchy and this in turn helps them to secure control over other cooperatives.<sup>4</sup> Because of the three types of benefits people who control cooperatives invariably dominate social, economic and political power in the district.

#### Political Parties and Cooperatives

The association between the Congress Party and cooperatives, goes back to the pre-independence days. After independence the congress adopted a 'two-way approach' & towards these societies. The two-way approach involves on the one hand, offers of Congress tickets for the Andhra Pradesh Assembly, Council and Parliamentary seats to powerful cooperative leaders and on the other, Congress supporters are nominated on the boards of various important cooperative bodies. This approach has bred a symbiotic relationship between the Congress Party and cooperative leadership which in the ultimate analysis is mutually beneficial to both. Thus, the Congress party safeguards the economic and political interests of the cooperative leadership and the coopera-

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4 Baviskar, Op Cit., p. 115; Baviskar argues that it would be unrealistic to expect leaders to invest their time and energy in the work of a cooperative, if there were no worthwhile rewards (p. 4)

tive leadership in turn, jealously guards the Congress monopoly over the cooperative structure, by discouraging the entry of opposition parties into the cooperatives. This is evident from the Congress domination of <sup>the</sup>/DCCB, the DCMS the two cooperative sugar factories, the eight primary agricultural development banks, all the nine cooperative marketing societies, the eight cooperative rice mills (out of nine) and most of the PACS, CRBs, LSCS in West Godavari.

The two main opposition political parties in West Godavari, the Communist Party of India and the Communist Party of India (Marxist) - control only a few village level and trans-village level societies. Even before the split, the united Communist party could not break the Congress' hold over the cooperatives and it never succeeded in capturing the district level or taluq level societies. Their inability to control important and strategic societies adversely affected their electoral prospects of these parties. For example, candidates of the opposition parties are not able to compete with Congress nominees in various general (Assembly and Parliament) elections because Congress possesses more resources and benefits to distribute, due to its monopoly over the cooperative structure.

Another important dimension is the acute factionalism in the cooperative movement, largely, the result of the Congress involve<sup>ment</sup>/in cooperatives. Cooperative politics ref-



lects in full measure the myriad factions and divisions in the Congress party. In fact cooperatives, if anything enhance the value of factions. The strength of a faction, as is well known, is often measured in terms of the number of cooperatives and Panchayats under its control, in addition to the proximity to state leadership. Hence, the factional leaders invariably struggle to bring as many cooperatives as possible under their wings. They tend to use them as levers in out manoeuvring their opponents. Consequently the Congress leaders are eager to control these institutions not only to increase their power of patronage but more importantly to deny a political base to the rival factional leaders.

In view of these conflicts, the district Congress leadership, formulated a 'spoils formula' to satisfy the contending groups and this keep the two district level societies under Congress' control. The 'Spoils Formula' was devised to minimise the impact of intra-Congress factionalism by preventing the opposition parties from penetrating into these societies by exploiting intra-Congress factionalism. According to it, the DCCB and DCMS were distributed to the Kapus and Kammas respectively in order to avert clashes among its multi-caste leadership. The Kapu community was allotted the DCCB because a majority of the PACS affiliated to the DCCB were in the hands of Kapu caste leaders -

the community which numerically stood first among the dominant peasant castes. The Kamma community got the DCMS because of its political dominance over the other castes in the district. The Rajus, the third dominant peasant caste was not allotted any district level society because Bhimavaram taluq, where they were numerically important was under the purview of the Krishna Cooperative Central Bank.

The 'Spoils Formula' has been successfully used over the past two and half decades. While all the three DCCB presidents are the Kapus, all the three DCMS presidents are the Kammes. Furthermore, it has created a feeling of security as well as contentment among the Kapu leadership that the Bank will not be swallowed by the politically powerful Kamma community.

#### Political Parties and Selected Cooperatives

Seven agricultural cooperatives have been selected to describe and analyse the process of political involvement of cooperatives and the competition among different factions and political parties in West Godavari.

Out of these seven cooperatives, the three important cooperatives, the District Cooperative Central Bank (DCCB), the District Cooperative Marketing Society (DCMS) and the Palcole Cooperative Sugars (Palcos) basically illustrate the

process of politicization and the relationship between co-operative leadership and the Congress Party which is the dominant party in West Godavari. These three cooperatives are significant in terms of the vital resources at their command and their area of operation extends over most of taluqs of West Godavari. For instance, the DCCB channelizing short term credit to primary societies in six taluqs of the district is controlled by a Congress MLA for 15 years as it is the centre piece of package and HYV Programmes. The DCMS being the only district level marketing institution is controlled by a Congress M.P. and later by a Congress MLC as the society has monopoly over fertilizer distribution which is very essential to the new agricultural strategy. The Palcos which influences the economic activities of its 6000 members is managed by the Congress nominated Boards and later by a district Congress president.

Though these societies are controlled by the Congress Party, the mode of politicization of these societies were different. The DCCB and DCMS which were started in the 'twenties and forties respectively were controlled by independent and Praja party leaders. These two district level cooperatives were brought under the Congress control in the early fifties by offering Congress tickets and memberships to the existing cooperative leadership; In other words, cooperative leaders

were simply coopted into the Congress party. This helped the Congress to take over cooperatives as well as enhance its political influence. The cooperative leadership readily responded due to the power and patronage of Congress party. Consequently, the DCCB and DCMS were brought under the Congress control. In contrast, the mode of politicization of Palcos followed a different pattern. The Palcos was established at a time when Congress had already established its supremacy in the district. By 1965, the Congress as the ruling party in Andhra Pradesh nominated three boards consisting of Congress MP, MLAs, MLCs and other party leaders. It was only later, when the party had established its control over the Palcos the elections were held to the Board of Management and the Palcos was captured by the District Congress Committee President.

The study of these three cooperatives is confined to an analysis of Boards and election politics in the cooperatives. This has been done largely because the election process and control of boards provides a vivid picture of politicization. More importantly, it reveals the nature and pattern of politicization and the extent to which it is influenced by Congress style politics. Cooperatives, significantly enough, mirror the diverse conflicts and myriad factions in the Congress and at the same time the scramble for controlling cooperatives exacerbates and enlarges the scope of factionalism in the Congress with that much more to gain.

The District Cooperative Central Bank Ltd, Eluru (DCCB)

The Cooperative Central Bank, Eluru, <sup>started in 1918,</sup> is one of the oldest cooperative Central Banks in India.<sup>5</sup> The Bank's area of operation includes the entire district except Bhimavaram and Polavaram taluqs. The main object of the society is to issue short term loans for agricultural operations. On 30 June 1980, there were about 540 cooperatives and 202 individual shareholders as the members of the Bank.<sup>6</sup>

From its inception, the Central Bank has been managed by elected members. Between 1952-82 (including the present Board) there were nine Boards of Management. Of these the eighth Board (1975-78) was nominated by the government and the ninth, which the recent Board (1982- ) was elected. The remaining seven Boards were unanimously elected. The period of each Board was three years and the number of Directors has not been the same. In the first six Boards, the number of Directors was sixteen and in the seventh Board it rose to eighteen. The nominated Board consisted of nine members and the present Board has twenty three Directors.

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5 The Central Banks came to be organized in India only after passing of the Cooperative Societies Act of 1912.

6 Of the individual members, 193 were 'A' Class share holders and 9 were 'B' class shareholders. 'A' class shares is of Rs.100/- each and 'B' class is of Rs.50/- each. A Class shares shall be allotted only to the State government and Cooperative Societies and individual members on roll prior to 1.8.1964. For further details, see Sixty-Second Annual Report and Statement of Accounts for the Year ended 30 June 1980. The DCCB, Eluru. The Cooperative Year is from 1 July to 30 June.

The President of the Board is the most important functionary. He is elected from among the members. Apart from presiding over the meetings of the general body and the board, the President exercises control and supervision over the entire activities of the Bank. In fact, the President of the Central Bank is the focal point around whom the short-term cooperative system revolves in the district.<sup>7</sup> Consequently, the Presidentship has become one of the most important and prestigious posts at the district level.

After independence, as mentioned, the upper caste, western-educated, middle class leadership was replaced by a new peasant caste; vernacular-educated and village-based leadership. This change in the character of political leadership had a powerful impact on other democratic institutions. For instance, in early fifties, the President of DCCB was Mocherla Vienna Pantulu, a Brahmin, western-educated, and urban-based leader. By 1953, Javvadi Lakshmaiah Naidu, a Kapu caste zamindar replaced Pantulu and became the President of the Bank. He represented the new type of politician whose prominence reflects the importance of peasant castes in the agrarian politics of the district. Javvadi was one of the important leaders of the Justice Party during pre-independence days had the unique distinction of being the only Justice Party

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leader in the district to take an active role in the cooperative movement. Javvadi was associated with the cooperative movement for four decades. He founded a village cooperative society, a Land Mortgage Bank and a Cooperative Marketing Society at Penugonda in 1927, 1930 and 1935 respectively. He was also the President of his village Panchayat for three decades. Since 1946, he was on the Board of Management of DCCB as the Penugonda Union Area Representative and in 1953 he became the President of the DCCB. He retired in 1968, but until then he dominated the Bank by shrewdly using it to distribute patronage, both political and economic which secured him a strong political base. During these years, Javvadi earned the title of 'king-maker' in the cooperative politics of the district. He was associated with credit (DCCB, PACS) marketing (Vice President of the DCMS for ten years and director for another five years) and processing (nominated Vice-President of Palcole Cooperative sugars for five years and elected as the Board of Director for six years) societies. In fact he was the cooperator-politician par excellence having spent his entire career in cooperative movement.

Although in early fifties Javvadi was only a director in the DCCB and DCMS, he was still the most powerful cooperative leader in the district. In 1952, he helped Kommareddy Suryanarayana to become the President of the DCMS, who in turn

used his political position in district politics and as a member of Rajya Sabha to elevate Javadi to the Presidentship of the DCCB. By 1955, Javvadi had built enough support to claim for the Congress ticket for Penugonda seat in the mid-term polls.

It was precisely during this period that the interests of Congress and the material interests of Javvadi were threatened by the communists in West Godavari who had a considerable base in the area. The anti-zamindari movement spearheaded by the CPI was at its peak and particularly in Penugonda it was aimed against Javvadi. Being a zamindar, Javvadi did not enjoy a popular image among various agricultural classes, furthermore, he did not actively participate in the national movement which made him even less popular. However, Javvadi came close to the Congress because of their common interest in containing the growing popularity of the CPI in the area. As a result, Congress party offered Javvadi the Penugonda Assembly ticket. Javvadi readily accepted the Congress ticket.

Due to his control over the DCCB he projected his commitment in cooperation and was successful in wiping out the negative image he had among masses. Javvadi dexterously used his cooperative links in the election campaign. Javvadi won the elections, defeating his communist rival Venka



Satyanarayana. During the election campaigns, Javvadi not only activated his cooperative links with the Presidents of primary societies for political support but also used the Bank staff, Jeeps and other material for his election campaign.<sup>8</sup>

The election was significant primarily because Javvadi who was an independent was now completely identified with the Congress Party and as a result the DCCB came under the control of the Congress party. The Congress-Javvadi alliance was mutually beneficial to both. While Javvadi with the newly acquired political power protected his economic interests, the Congress on the other was successful in containing the communist influence temporarily. The control over the DCCB enhanced the power and patronage of the Congress and Javvadi's identification with the Congress helped him to control the Bank for a very long period.

The Central Bank elections which followed after the midterm elections was contested by important Congress leaders who were elected to the Board. For example, Aalluri Bapineedu the Congress MLA from Kovvur, became one of the directors of the Bank. This new Board of directors helped Javvadi in controlling the Bank and through him the Congress party.

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<sup>8</sup> It was reported that in a number of villages in the Penugonda constituency, the cooperative supervisors and staff of the DCCB distributed the Congress pamphlets and participated in door-to-door canvassing. In both 1962 and 1967 Assembly elections also the same pernicious phenomenon reoccurred. News Item, Visalandhra, (Telugu), 18, 1.55; 17.1.1962; 30, 1.67; 9.2.1967

During these years, Javvadi used the Bank as a political instrument to sanction loans to those cooperatives which belonged to his faction and conversely denied credit to cooperatives dominated by rival political factions in the Congress party. This was done regardless of the performance of societies in terms of repayment of loans. Javvadi also took an indifferent or lenient attitude towards the favoured cooperatives in collective the overdues and was a stern task master in dealing with cooperatives dominated by the rivals.

The third Board which came into existence in January, 1958, consisted of 16 directors out of which only one was a new member. The new director was taken into the Board in place of Aalluri Bapineedu who left the position to concentrate fully on district politics. In the fourth Board, two important Congress leaders were inducted. V.V.R. Parthasarathy Naidu, a Kapu landlord and a staunch supporter of Javvadi was included in the Board after the implementation of the IADP. Later Datta Balaram Raju, a Kshatriya landlord was coopted at the behest of the District Congress leadership in order to strengthen the position against sitting CPI M.P. from Narasapur in the 1962 Parliamentary elections. Datta was nominated as the Vice-President of the Palcos and the vice-president of the DCMS.

However, Congress' control over cooperatives did not always help the party, in fact these links were sometimes detrimental. For example, on the occasion of Javvadi's Sashtvabdhha Purthi in November 1961, a huge fund was raised by the Presidents of primaries by virtually taking from every member of the cooperative. With that fund, they installed a bronze statue of Javvadi in the compound of the Central Bank and issued an expensive souvenir. The extravagance and waste was condemned by Vanka who contested the assembly seat against Javvadi. In various public meetings he appealed to the voters to defeat Javvadi for misusing the cooperative position. He also disclosed that the funds were raised by enhancing the price of ammonia fertilizers. This disclosure annoyed the voters. The result was Javvadi's defeat in the elections.

The Congress leadership shocked at the defeat of Javvadi requested him to contest the Chairmanship of the Zila Parishad in 1964. The Congress was anxious that the indifference of Javvadi towards competitive politics would adversely affect the Congress control over the Bank during the implementation of the Package Programme which in turn would deprive the party of power and patronage. Javvadi contested the elections on the request of district Congress leadership. Due to changes in the factional alignments Javvadi was again defeated.

Javvadi's active participation in 1962 Assembly elections and in 1964 Zila Parishad elections had a bad effect on the functioning of the Bank. During these years Javvadi did not bring pressure on any primary society regarding payment of overdues as these primaries were heavily packed with Panchayat Presidents. It resulted in an alarming rise of overdues. For example in mid sixties, the amount of overdues was Rs. 64 lakhs. It was raised in the Assembly and became an important issue not only because the Bank was in the hands of an ex-Congress MLA but also because the Bank was channelizing short term credit in the only IADP District in Andhra Pradesh. Javvadi was accused of neglecting the Bank and protecting the Corrupt Presidents of primary societies who misappropriated large amounts of cooperative funds. Vanka, the CPI MLA pointed out that action was not taken against the Presidents of Kommara PACS and Kattayapalem PACS who had misappropriated Rs. 30000 and Rs. 100000 respectively.<sup>9</sup> Both the Presidents were congressmen with a fair base in the villages. The campaign against these two Presidents gained momentum leading eventually to the arrest of these two Presidents.

In the 1967 Assembly elections Javvadi and Vanka contested yet again from the Penugonda constituency. Vanka's campaign stressed the financial irregularities in cooperative

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9      Andhra Pradesh Legislative Assembly Debates,  
25 March 1963, p. 125; 29 July 1963, pp. 439-440

functioning. In spite of gaining support on this issue, Vanka lost the election largely because of the split in the CPI in 1964 which greatly divided the communist votes.

However, in 1968, Javvadi due to ill health finally made way for others. He was succeeded in a power struggle by Parthasarathy who defeated Maganti Raghavendra Rao, a Kamma landlord. Parthasarathy succeeded largely because he was backed by Javvadi and because he belonged to the Kapu community.

Parthasarathy controlled the Bank with much ease till 1975, with the guidance of Javvadi who remained out of the Board. In December 1975, the Registrar appointed a nine member committee to manage the DCCB. Out of the nine members one was an official and all others were MLAs. Vanka the only opposition MLA from the district was also nominated. The remaining seven MLAs belonged to the Congress and Safi Venkata Rao, a Scheduled Caste Congress MLA was nominated as the President of the Bank. The nominated Board continued till March 1978 and later a committee of persons headed by the District Collector was nominated. This Committee continued till March 1982 when the new body was elected.

The 1982 elections to the Bank were significant not only because they were held almost after a gap of ten years but also because the Congress after its victory in the 1978

and 1980 elections was once again in a position to control the Bank. The two major factions were led by Bapineedu and Javvadi Sri Ranganaikulu (son of Javvadi). Though Bapineedu after 1978 elections joined the INC (I), his clandestine support to the Janata party during the elections prompted the other major factions to combine against him. Thus, Ranganaikulu faction received support from Parthasarathy, Kommareddy and Mullapudi factions. In fact, Bapineedu's move to become the President of Bank was noticed by the District Congress (I) leadership when the President of Kapavaram PACS retired in favour of Bapineedu. Parthasarathy succeeded in mobilizing the support of the majority of primary societies in favour of Ranganaikulu.

Out of the twenty one seated Board, seven candidates were elected unanimously and there were no nominations for one Scheduled Caste and one Scheduled Tribe posts. Consequently, elections were held for 12 seats and of them Ranganaikulu faction won eight seats and Bapineedu faction managed only four seats. Not surprisingly Ranganaikulu was elected the President of the Bank.

After the DCCB elections, the state Legislative Council byelections were held. During this period, the factional conflict in the District Congress organization became intense and some disaffected factional leaders contributed to the defeat

of official Congress nominees. Consequently, the State Congress leadership was very much careful in selecting the Congress candidates and the tickets were given to the prominent leaders. In West Godavari, the choice fell on Parthasarathy, the former President of DCCB. Parthasarathy was offered the Congress (I) ticket essentially due to his role in bringing the DCCB under the Congress party. Parthasarathy due to his extensive cooperative links successfully mobilized the village Presidents of different Congress factions and was elected to the Andhra Pradesh State Council with a comfortable majority. With this election, Parthasarathy became another important cooperative leader of the DCCB to identify with the Congress and to help the Party in the district.

The study of DCCB over the past three decades demonstrates the close relationship between cooperative leadership and Congress party. More importantly, it reveals the transition of cooperatives from independent leadership to Congress hands. It shows the manner in which the Congress party captured the cooperatives simply by coopting the leadership. By giving them Congress tickets for the Assembly. This ensured that cooperatives would fall under Congress hegemony. The change in the character of cooperative leadership coincided with ascendancy of rich peasants in the rural economy and of agricultural classes in rural politics. This change was evi-

dent when Pantulu a Brahmin leader was replaced by Javvadi, a Kapu zamindar in early fifties. More importantly, the study highlights that politicization of the Bank as a post-independence phenomenon since the process of political involvement of the Bank had only started when Javvadi the President of the Bank was elected to the Assembly on the Congress ticket. The presence of important political leaders like Bapineedu Datla highlights the complete control of the Congress party. The relationship between the Congress and cooperative leadership is mutually beneficial to both. While the cooperative leadership jealously guarded the Congress Monopoly, over the DCCB, the Congress helped the cooperative leadership by protecting their economic and political interests. Essentially it is due to this relationship that the DCCB has become a political instrument in the hands of both cooperative leadership and the Congress party in West Godavari.

The West Godavari District Cooperative Marketing Society Ltd. Eluru (DCMS)

The DCMS, was established in 1942 with the objective of helping the agriculturists of the district in the field of marketing. It is situated in Eluru. Its area of operation includes the entire West Godavari. In October 1981, 315 PACS and PCMS and 258 individuals were members with a paid up share capital of Rs.4,70,323.



With the increase in agricultural production the DCMS became one of the most important cooperatives at the district level. The Presidentship of the DCMS was a coveted post because of the society's monopoly over the distribution of fertilizers. Moreover, IADP and HYVP made fertilizers an essential component of increased productivity in agriculture.

The unlimited demand for the scarce goods at the disposal of the society has enhanced the power and patronage of the society. In addition, the Presidentship of the DCMS has become an important office because it creates a wide network of political alliances all over the district as the Presidents of PACS and PCMS have to toe the line of the President of DCMS for adequate and timely supply of inputs which the latter use for their political advancement.

Since its inception the DCMS has been managed by elected members. Between 1952-82 (including the present Board) there were eleven Boards of Management. Of these the fifth Board was nominated by the Government and the tenth Board was an official Board. Except for these two Boards, the period of all other Boards was three years.

In early 1952, the DCMS was headed by Kalagara Nagabhushana Chowdhary, the delegate of the Eluru Taluq Cooperative Marketing Society. Chowdhary was a lawyer and a Kamma landlord. During these years, the Eluru DCMS was controlled

by Kommareddy Suryanarayana an ambitious Kamma landlord.

In 1951, Kommareddy resigned from the Congress and joined the Kisan Mazdoor Praja Party and was elected as the Secretary of the Andhra KMPP unit. In the 1952 elections, he contested from the Chintalpudi Assembly constituency which he lost to a CPI Candidate. The KMPP leaders were surprised by the defeat of the Secretary of the State Unit. Nevertheless, Kommareddy contested for the Rajya Sabha membership as an independent and was elected in March 1952. This newly acquired political position made Kommareddy extremely powerful. This encouraged him to aim for the Presidentship of the DCMS. He was elected President along with Javvadi as Vice President in 1952. Soon after his elevation, Chowdhary was further embarrassed by Kommareddy when he was served a show cause notice for the outright purchases of Kirloskar pumpsets and Bush motors made by him. After his reply arrived the Board decided that the loss on the pumpsets after the disposal would be recovered from him as he was solely responsible for the transaction. In this way, Kommareddy discredited Chowdhury to improve his own position.

In July 1955, elections were held to the Board of Management of the DCMS. It was a unanimous Board as the number of nominations did not exceed the total number of seats. Kommareddy included his KMPP followers in the new

Board. Kommareddy and Javvadi were again unanimously elected as the President and Vice-President of the DCMS. After the election, Kommareddy rejoined the Congress in 1955, consequently all the directors were new from the same political faction. In 1958, the same directors were unanimously elected again. The only new entrant was Datla Balarama Raju who was taken into the Board at the behest of the District Congress leadership.

When Kommareddy's term in Rajya Sabha finished, Chief Minister Sanjiva Reddy rejected his claim to a Congress ticket because Kommareddy had supported Ranga against Sanjiva Reddy in the power struggle in the Congress. Once again, in early 1958, Kommareddy approached Sanjiva Reddy for another term in the Rajya Sabha, but again Reddy refused his plea although Kommareddy was now a follower of Sanjiva Reddy.<sup>10</sup>

In 1960, the political complexion of Andhra Pradesh changed when Sanjivaiah, a Harijan leader replaced Sanjiva Reddy as the Chief Minister. This change in leadership at State level influenced the strength of political factions in the Congress party in West Godavari, since the strength of a faction depends upon the proximity to state leadership. Consequently, the strengths of Bapineedu-Kommareddy faction

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10 In the struggle for power to control the Congress in early 1950, Kommareddy supported Ranga's candidature against Sanjiva Reddy. When Ranga was defeated he resigned from the Congress and joined the Prakasam-Ranga led KMPP.

which represented the Sanjiva Reddy faction at the district politics and Murthy Raju-Venkatanarayana faction which represented the anti-Sanjiva Reddy faction at the district politics varied. The Murthy Raju-Venkatanarayana faction got new strength against the Bapineedu-Kommareddy factions due to the former's proximity to the new Chief Minister. These changes in the strengths of Congress politicians engulfed the DCMS also.

Consequently, in early 1960, the anti-Bapineedu-Kommareddy faction led by Murthy Raju and Venkatanarayana met Sanjivaiah and appraised him of their faction's strength in the district. They wanted to dislodge the Kommareddy group from the DCMS in order to strengthen their own position in the district politics by capturing the DCMS. This was an important move, in view of the introduction of the Package Programme which made the DCMS a strategic institution due to its vital role in the new agricultural strategy. Consequently, in July 1960, the Registrar of Cooperatives, due to the political pressure nominated a ten-member board headed by Venkatanarayana

When the nominated board took the charge, Kommareddy and his followers went to the High Court alleging that the Registrar acted in complicity with the government. In fact, Kommareddy suspecting foul play earlier called for a General Body Meeting in which a resolution was passed unanimously

authorising the Governing Body to conduct the elections for the Managing Committee. Thus, the Board of Directors resolved to hold the elections on 25 July 1960. But the Registrar in his letter of 24 July 1960 directed the Board of Directors not to conduct the elections and on 26 July 1960 he appointed the Board headed by Venkatanarayana.

It was alleged in the writ petition filed by Kommareddy and others that the Andhra Pradesh Congress Parliamentary Board would be cancelled and fresh elections would be ordered and that accordingly Venkatanarayana who was a member of APCC had been appointed although he did not hold the minimum share of Rs. 500/- which was the qualification fixed for contesting the elections to the committee. It was also alleged that Datla, the Vice-President of the nominated board was not even a share holder of the DCMS, and similarly three others (including Murthy Raju) of the nominated board were also not share holders of the society.

The High Court verdict favoured Kommareddy faction consequently, Venkatanarayana was replaced by Kommareddy. In March 1962, the political complex<sup>ion</sup> of the state once again changed when Sanjiva Reddy made a come back as the Chief Minister. In July, elections were declared to the DCMS. The Murthy Raju group which was demoralised by the High Court verdict did not contest the elections and so all

the directors of Kommareddy faction were elected unanimously. Kommareddy was elected as the President of the society and Javvadi rejected the offer to get elect him as the Vice-President and he proposed the name of Parthasarathy for the post. Consequently, Parthasarathy was elected to the Vice-President post. The new Board invited Sanjiva Reddy to lay the foundation stone of a godown at Eluru, and Kommareddy used it as an opportunity to show his loyalty to Sanjiva Reddy.

During these years, the main leverage in the hands of the DCMS was the distribution of fertilizers.<sup>11</sup> During the 1962 Assembly elections the ammonium sulphate quota was distributed to the PACS and PCMS controlled by the Kommareddy faction leaders. Many cooperatives controlled by rival factional leaders were deprived of their legitimate share of fertilizers. For example, the supply of fertilizers to Vegeswapuram MPCS and Vallur LSCS was stopped because they sided with Venkatanarayana faction in the power struggle. In one meeting, thirty thousand bags of ammonium sulphate was allotted to the Veeravasam nonblock area represented by Kalidindi Vijaya Narasimha Raju, the President of the West Godavari district Congress committee and an important leader in the Bapineedu-Kommareddy faction.<sup>12</sup>

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11 For example, during 1966-67 the amount of ammonium sulphate allotted to West Godavari was 1,34,907 tonnes and 1,97,212 tonnes to Krishna, East Godavari and Guntur, the three other important coastal districts in Andhra Pradesh

12 The Andhra Pradesh Legislative Assembly Debates, 17 March 1962; pp. 75-78; 7 March 1963, pp. 710-19

During these years, many charges of corruption were levelled against Kommareddy for exploiting his position in the DCMS for his political advancement. He was accused of opening a number of depots for the supply of chemical fertilizers to the ryots in the place of cooperative societies dominated by his rivals on the ground that they could not take delivery of stocks on payment of cash for the fertilizers.<sup>13</sup> Obviously, stopping supply of fertilizers by the DCMS to the Primary Societies would discredit the Presidents so they remained loyal to Kommareddy to ensure a proper supply of fertilizers. This provided Kommareddy with a wide network of stable political alliances and support base. By 1967, Kommareddy was influential enough to stake a claim for the Eluru Parliamentary seat. Further, Kommareddy's control over the DCMS enhanced his prestige all over Andhra Pradesh when he was nominated as the representative of the State replacing the President of the Chittor DCMS to the national level 'circle coordination committee'. Not surprisingly, in 1967, Kommareddy was offered the Congress ticket to contest from the Eluru Parliamentary constituency and he defeated the CPI MP whose position was weakened due to the split in the CPI. With this newly acquired political position Kommareddy further tightened his grip over the DCMS.

But Kommareddy's supremacy was challenged by Bapineedu who had hitherto supported him. Bapineedu's volte face was caused by his defeat in the assembly elections in 1967, which forced him to search for and create a fresh political base. He found the opportunity to establish himself in the elections

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13 Due to his corrupt practices even now he is popularly known as 'ammonia king'.

to the DCMS in July 1967. Consequently, Bapineedu organised his group to capture the DCMS. Kommareddy on the other did not want to loose his grip over the Society which was instrumental in building his support base. As a result the seats were more or less equally shared by the two factions. Of the nine posts Bapineedu faction won five seats and Kommareddy faction secured the remaining four seats. However, the society slipped out of Kommareddy's hands when Bapineedu was elected President of DCMS. To make matters worse, a director of Kommareddy faction went to the High Court challenging the mode of elections, but the High Court rejected his plea on the ground that he actively took part in the elections and was elected as a director. This instigated Bapineedu faction to file a counter-affidavit. Later Kommareddy was assured that the Presidentship would come back to him once Bapineedu was elected as the Zila Parishad Chairman.

However the increase in supply brought to an end the DCMS's monopoly over the distribution of fertilizer. This dramatically reduced the patronage of DCMS as indeed the bitterness in the struggle for power. The decline in political competition was best evident in 1970 elections to the DCMS when no attempt was made by Kommareddy to recapture the society after Bapineedu's departure. This of course enabled Bapineedu to control the DCMS till 1974. In May 1974, the DCMS was taken over by the officials and was under their control till January 1982.



During all these years, Bapineedu exploited his control over the Bank to consolidate and expand his faction. He gave individual permits to his supporters to lift fertilizers which were then in great demand. Since the DCMS is the only district level organization distributing these scarce inputs, Bapineedu was successful in mobilizing a majority Presidents of Primary Societies and village Panchayats to back his candidature during the Zila Parishad elections in 1969.

The above study of DCMS shows that the institution was politicized when Kommareddy, the KMPP MP became the President of the Society replacing Chowdhary, a lawyer by profession. However, it came under Congress fold when Kommareddy and Javvadi joined the Congress in 1955 due to ever increasing power and patronage at State and national levels. This relationship between cooperative leadership and the Congress is mutually beneficial to the two. For instance, the Congress due to its hold over the society distributed scarce fertilizers to the Congress controlled cooperatives and discredited societies controlled by other parties. The induction of Datla into the Board during the 1962 Parliamentary elections and the deliberate choice of Kommareddy to defeat the communist MP in 1967 Parliamentary elections demonstrate the advantages accruing to the Congress from the control of DCMS. Therefore, it is not surprising that the two Communist leaders were defeated by powerful cooperative leaders selected by the Congress.

More importantly, the study highlights the 'direct relationship' between political competition and power of patronage. When the Society's power and patronage were increased, the political competition among Congress factions was high and when the Society had lost its power and patronage the bitterness in the struggle for power also decreased. For instance, when the DCMS was the monopoly of distributor of fertilizers, even the State Congress leadership showed keen interest and nominated its own faction by bringing political pressure to bear on the Registrar. However, when the Society's monopoly came to an end rival Congress factions in the district evinced little interest in controlling the society and as a result the 1970 and 1982 elections were unanimous.

The Palcole Cooperative Sugars Ltd, Poolapalli (Palcos)

The Palcole Cooperative Sugars Ltd was started in August 1955. It is located in Poolapalli village of Narasapur taluq. There are 163 villages in the reserved zone of the sugar cooperative having a total cultivable area of 1.66 lakhs of acres. The reserved zone of Palcos extends over Narasapur Bhimavaram, Tanuku, Tadepalligudem, Kovvur taluqs in West Godavari and Pazole and Kothapet taluqs in East Godavari.

The Palcos had seven nonofficial Boards of management. Of them the first three were nominated by the Registrar from

the shareholders of the Cooperative. ~~Two Boards~~ witnessed keen electoral competition and the other two were unanimous Boards selected after much negotiation and bargaining between the warring factions.

Soon after the mid-term elections to the Andhra Assembly in 1955, the Congress leadership wanted to consolidate its political support. To do so the Congress helped in the establishment of the Palcole Cooperative Agricultural and Industrial Society Ltd, in 1955. The aim was to set up a sugar cooperative and through it influence agricultural economic activities in the district.

After the registration of Palcos, the state government, through the Registrar of Cooperative Societies nominated the Board of Directors from 1955 to 1964. During this phase, there were three nominated Boards. The first and second Boards consisted of eleven directors and the Third Board had thirteen directors. The Palcos was governed by a nominated Board in the early years ostensibly to avoid elections and the inevitable struggle of power during the formative stage so that the factory's construction could be completed speedily. However, this was an apparent reason, the latent intention was to bring the Palcos under the Congress influence from the formative stage itself.

While nominating directors of the first Board in November 1955, the Congress organization carefully selected its supporters. Addepalli Satyanarayana Murthy, the Congress MLA from Palcole, Javvadi Lakshmaiah Naidu, the Congress MLA from Penugonda were nominated as the President and Vice-President of the Palcos respectively. All the eight directors were active supporters of the Congress.

In the very beginning of Palcos, the collection of shore capital became a problem as there was no enthusiasm among agriculturists to buy the shares. Consequently, the future of palcos was some what bleak. Nevertheless, the Congress leadership persuaded Nulu Lakshminarayana, a Zamindar from Penugonda area to buy shares worth one lakh rupees. As a mark of gratitude Nuli was nominated as the President of Palcos and remained in the office for three years. Further, the Congress leadership in their hurry to raise share capital enrolled members on a large scale who were residing out of the reserved zone of Palcos.

After elections to the newly carved Panchayat bodies in 1960, Addepalli was again reinstated as the President of Palcos. Datta Balarama Raju was nominated as the Vice-President of the Palcos replacing Javvadi at the behest of the District Congress Committee. In early 1962, the Board was again reconstituted to induct some prominent Congress leaders

from East Godavari. In the third nominated Board, out of the ten directors, there were two Congress MLAs, one MP and one Congress MLC. The Board continued till October 1964.

The Palcos went into production in 1962-63. In the first two years it suffered a loss of Rs.20 lakhs. Consequently, the Registrar cancelled the nominated Board and officially took over the charge of the cooperative. The official Board lasted till July 1966. During this period, the cooperative made profits. Consequently, elections were announced to elect a new Board of Directors.

#### The Elected Boards (1966 - 1972)

When elections were declared, there were two Congress factions competing with each other to control the cooperative. The leaders were Addepalli, the Congress MLA and Kalidindi Vijaya Narasimha Raju, the former President of the District Congress Committee (1959-65) who lost his Veeravasam Panchayat Samiti due to reorganization of blocks in July 1964.

Addepalli (being Vaisya by caste) could not identify himself with the peasant castes. Kalidindi, however, had an edge over Addepalli because he belonged to the Raju caste who were dominant in the zone of operation of Palcos. The relations between the two soured when Addepalli rejected Kalidindi's offer of having a unanimous Board. Kalidindi

feared that Addepalli was threatening his position by organizing his own faction against him. To make his argument more effective, Kalidindi raised the issue of losses suffered by the Palcos under the stewardship of Addepalli. Kalidindi marshalled the support of important caste leaders like Datla and Javvadi to contain Addepalli. To make matters worse for Addepalli he won over Prasad his chief supporter and organizer by offering him a directorship in the Palcos. This led to a drastic change in the equation causing considerable confusion among the supporters of Addepalli.

Having outwitted Addepalli in the factional battle, Kalidindi swept the elections of the cooperative. Kalidindi was unanimously elected as the President of the elected Board. He made Nekkanti Venkata Janardhana Rao, a Kamma landlord who also lost his Achanta Panchayat Samiti due to reorganization of blocks in 1964, as the Vice-President of the Cooperative.

After establishing himself firmly in the cooperative, Kalidindi went on to become a successful leader at the district level, as well. In the 1967 Assembly elections, Kalidindi was predictably given the Congress ticket to contest from the Attili Assembly constituency. During his election campaigns, Kalidindi freely used men and material of the society. He activated his cooperative links with agricultural classes and used them for his political campaign. He won the elections which strengthened his hold over the cooperative.

But his position was challenged shortly. In June 1969, elections were held again which gave an opportunity to Addepalli to assert his claims once again. Addepalli was however, checked in his tracks, as it were by an amendment conceived by Kalidindi according to which every supply member was bound to grow sugarcane every year in order to supply cane to the society. This would be eight tons of cane for each share of the value of Rs.100 held by a member in the society.

As a result, 13 nominations including Addepalli's was rejected. Nevertheless, 10 of his supporters contested the elections. Kalidindi, on the other hand, managed to see that all his men supplied the required quantity of cane. For example, it was alleged that Datla an important leader of Kalidindi faction never supplied cane to the cooperative and under his name some of the members of Kalidindi faction supplied it.

However, the election outcome created a crisis in selection of new office bearers as both the factions got five seats each. Whenever the elected directors meeting was called for, the five directors of one faction boycotted. Since a simple majority of six is the quorum for a meeting, both the groups could not come to an understanding for almost two months as both the factions were determined to capture the Presidentship of the cooperative. At this juncture Addepalli joined hands with Murthy Raju and they offered the

Presidentship of the cooperative to Nelkanti, the Vice-President in the outgoing Board. Nekkanti readily accepted the offer and joined the faction of Addepalli.

The prolonged factional politics adversely affected the working of the cooperative. This was evident in the loss of Rs.33 lakhs suffered by the cooperative in the first two years. The official group wanted to remove the Managing Director, a henchman of Kalidindi, who never cooperated with Nekkanti. In November 1971, a general body meeting was called. The official group in the meeting requested the government to conduct an enquiry into the reasons for the heavy losses suffered by the cooperative between 1969-71.<sup>14</sup>

The report of the enquiry blamed the Managing Director for the losses. The Managing Director was transferred. The new Managing Director belonged to the official group. Kalidindi regarded this as a personal defeat. Naturally, the factional politics did not abate with the elections but continued throughout the tenure of the Board.

At this juncture, Kalidindi got an excellent opportunity to resort his position in the cooperative. When the Bhimavaram cooperative Marketing Society elections were held Kalidindi captured it. Later Kalidindi faction deliberately made the DCMS into a defaulter. Consequently, the delegate of the defaulted DCMS who sided with the official group in the Palcos was debarred from the Board. The vacancy could not be filled by cooption as both the factions were adamant to get their own nominee in the Board, till June 1972, when the elections for the new board was declared.

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<sup>14</sup> News item, Visalandhra, (Telugu), 12.7.1979



### The Unanimous Boards

By 1972, the political complexion of the district had changed when Parakala emerged as the district level leader due to his close links with Chief Minister, P.V. Narasimha Rao. Parakala using his proximity to the Chief Minister installed his men in power. P.J.R. Raju and Kantipudi Appa Rao were unanimously elected as the President and Vice-President of the cooperative. Kalidindi objected to the ascendancy of Parakala but did not pursue his opposition for fear of alienating P.V. Narasimha Rao whose protege was Parakala. In fact this period was stable and relatively free of discord.

But soon indifference set in the functioning of the cooperative. In June 1975, eight out of ten Board of Directors were disqualified by the Managing Director on the grounds that they failed to supply cane according to their shares held in the Cooperative. Moreover, the Board was superceded in August 1975. From 1975 until November 1981, the Board was managed by the officials.

After a lapse of six years, according to Rule 22(4)(a) of AP Cooperative Societies Act, elections were held to elect the Board of Directors. The poor business performance of the Palcos for the last ten years determined the position of various factions. Datla and Adinarayana Murthy, the two important Congress leaders and former directors took an active

interest in the elections. Due to their efforts, Kalidindi withdrew from the fight and out of fourteen posts, 11 were filled unanimously. But due to the local level politics in two constituencies, Veeravasam and Bhimavaram elections were held. Later a Scheduled Tribe member was coopted as there were no nominations for the post at the time of elections. Indukuri Rama Krishna Raju, the Congress MLA was the President of the Cooperative. Later Indukuri was taken into the State Ministry.

Apart from this factional struggle, another important dimension of the study of Palcos was its impact on the share holders drawn from various classes. The impact had varied from class to class despite the superficial equalities like openness of membership, equality of votes, equal pricing for the cane, and provision to enjoy the benefits and privileges for all the shareholders.

In the byelaws of the Palcos it was clearly mentioned that preference would be given to small farmers and protection of their economic interests. But the small farmers, at the end of 1981, constituted only 43.9 per cent of the total membership. Even more conspicuous was their absence from a number of Boards.<sup>15</sup> With barely any representation they could not articulate their demands and interests, either on the

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15 For class-wise distribution of the Board of Directors, see Table No.5.1

nominated Boards or the elected Boards. The rich peasants on the other hand, were successful in exploiting their links with other agricultural classes through the offices they held in the cooperative and were successful in using the cooperative as a springboard to jump into prominence and power.

Some studies on sugar cooperatives have argued that the small farmers were neither discriminated nor prevented from joining the cooperative.<sup>16</sup> The question is whether small farmers enjoyed significant benefits as share holders of the cooperative. The small representation of the small farmers on both the Nominated Boards and the elected Boards of the Palcos clearly suggested that they did not have an opportunity to articulate their demands. As long as the cooperative leadership derived benefits from the admission of the small farmers, there was no reason why they should prevent the small farmers, from joining the Cooperative. In fact they encouraged it as the small farmers neither challenged their position in the Palcos nor in the wider political arena. In fact in the wider political arena small farmers of the Palcos helped the leadership to mobilize political support. Thus the Palcos clearly served the interests of the landlords and rich peasants like Datla, Kalidindi and Nekkanti in translating their economic power into political power.

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16 Baviskar, Op Cit, p. 201

In the economic arena the impact was even more striking. Since the Board of Directors was dominated by rich farmers the price of sugar cane largely suited their interests. The more importantly, the policy of equal pricing was absurd because all classes did not possess the same resources. When the cost of cultivation came due to economics of scale, access over cheap institutionalized credit facilities, and personal savings and surpluses varied from class to class, the policy of equal pricing tended to favour the privileged because of margin of profit (difference between the cane price paid by the society and the cost of cultivation) was much higher for the rich peasants than for the small farmers.<sup>17</sup>

The cooperative leadership despite many petitions and appeals from the small farmers kept the cane price low because each Board was essentially interested in showing higher profit for the Palcos under its stewardship. Small farmers naturally suffered as a result of low cane price paid for a tonne of cane. In fact the difference would become much more striking as the big farmers were capable of supplying more cane. Thus, the policy of 'equal cane pricing' to all classes accentuated the existing economic disparities due to the unequal distribution of ownership and of control over land.

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17 This is because of two reasons. First, the farms of the small had no better drainage facilities and also due to their limited capacity to use fertilisers and pesticides liberally, the yield per acre is less. Second, the small farmers were left with little option but to cultivate the crop taking loans at exorbitant rates of interest from traditional money lender and consequently the cost of cultivation is much higher. For details of cane price and cost of production of cane on small farms and big farms, see Appendix.

The above study of the Palcos shows that the impact of political processes on the cooperative had been heavy since its inception. In fact the very idea of starting the cooperative after the midterm elections in 1955 was a part of the political strategy of the West Godavari district Congress leadership to consolidate its political support by influencing the political activities of the agricultural classes through controlling their economic activities.

When the government appointed committee was hesitant to give license to the Sugar Cooperative, the Congress leadership brought political pressure on it and secured the license, and the cooperative was located in the midst of alkaline soils facing water logging problems which were more suitable for paddy cultivation rather than sugarcane cultivation. Further, the leadership in their hurry to raise a large amount of share capital enrolled members who were residing out of the reserved zone of the cooperative. Consequently, the cooperative used to get sixty per cent of cane from outside its zone. In recent years, the three private sugar factories in the district were trying to move the Andhra Pradesh High Court against the diversion of sugarcane to Palcos from their zones. But with the introduction of high-yielding varieties, the margin of profit between Paddy and sugarcane became less.

In the above mentioned circumstances had the leadership shown keen interest in the performance of the cooperative it might have improved. But the leadership failed to persuade the members to undertake cane cultivation and to supply the quantity of cane according to their shares held in the Palcos. Ironically enough, even the cooperative leadership in 1975 failed to supply the required quantity of cane. The cumulative effect of all these factors was the heavy loss of the Palcos which crossed Rs.306 lakhs by the end of 1981.

However, the political gains of the Cooperative leadership and the Congress were substantial. All the directors exploited their links with the shareholders through the Palcos. They were successful in translating their economic power into political power. For instance, Datla was successful in defeating the sitting CPI MP in 1962 Parliamentary elections, for both Kalidindi and Nekkanti it served as a niche when their blocks were delimited in 1964, and later Kalidindi and Nekkanti used it as a springboard to enter the Andhra Pradesh Assembly and Council, and Indukuri after becoming the President of Palcos was taken into the State Ministry.

The Congress Party on the other hand was successful in consolidating its political support. Since 1962, the Narasapur Parliamentary constituency had been returning the Congress nominees and most of the Assembly constituencies in the zone of the Palcos had become strong bases of the Congress Party.

The foregoing description and analysis shows that politicization of agricultural cooperatives happened entirely after independence. This phenomenon is closely related to the adoption of a democratic political system. Though the overlapping leadership between the cooperatives and the local boards was a pre-independence phenomenon, the adoption of democratic polity, the introduction of Panchayat Raj institutions made cooperatives the real sinews of political power.

In West Godavari, the leadership of agricultural cooperatives was heavily dotted by active politicians mostly associated with the Congress party. The cooperatives are often exploited as 'spring boards' and 'training grounds' for young Congress leaders. Consequently, several members of the Assembly and Parliament started their public life in cooperatives. Majority of the Congress MLAs and MPs and Party leaders directly occupied important positions at the district level organizations. The uninterrupted hold of the Congress over the DCCB and DCMS indicates the successful operation of the 'Spoils Formula'. Further the 'two way approach' of the Congress party of offering Congress tickets to the Assembly, Council and Parliament and bringing the cooperatives controlled by the independent cooperative leadership under its control and nominating its Congressmen on important cooperatives has bred a relationship which is mutually beneficial

to the Party and the cooperative leadership. In this process the Congress helped the cooperative leadership to translate their economic power into political power and the cooperative leadership, in turn, safeguarded the Congress' monopoly over the cooperatives. It is essentially because of this symbiotic relationship that the whole cooperative structure is in the hands of the Congress, though all the political parties are eager to dominate these institutions.

More importantly, the political process in the DCCB, DCMS and Palcos show that the Congress party has emerged as the dominant party in the district political arena due to its control over these institutions. It is not a mere coincidence that the two sitting MPs of the CPI were defeated in the hands of two powerful cooperative leaders. Since then the two Parliamentary constituencies in West Godavari have consistently returned the Congress nominees. Even many cooperative leaders backed by the Congress have successfully emerged as the Members of the Legislative Assembly and Council. Although, cooperatives have accentuated factionalism in the Congress party, its monopoly has not been threatened. In fact, the Congress' control over important cooperatives transformed multi party system into one party dominance in the district.



CHAPTER FIVE

IDEOLOGY AND SOCIO - ECONOMIC INTERESTS OF COOPERATIVES

CASE STUDIES OF FOUR COOPERATIVES

The principal object of an agricultural cooperative society is to improve the material conditions of all its members and to bring about overall economic development. But the multi structured rural economy has made some classes all powerful. These classes which are economically and politically dominant, control cooperatives and use them to serve their interests.

Contrary to its professed ideals, as we have seen in the preceeding chapter, the leadership of agricultural cooperatives is packed with politicians who are primarily interested in gaining and retaining political power. The cooperative leadership built and strengthened its base by advancing loans and extending other facilities primarily to certain classes of people. However, the politico-cooperative leadership just cannot outrightly deny these facilities to other classes because they have to seek legitimacy from them for their leadership and more importantly, for their political survival. Indeed, it is the demands of political arithmetic that compels the leadership to give concessions to the less privileged strata in order to expand and consolidate their support structure. It is in this context, that the nature of political ideology of cooperative leadership, its modes of political mobilization and patterns of coalition-building, play a vital part in the very shaping of policies towards various agricultural classes and determine the course and nature of development.

In this Chapter, the study of the Gundugolanu Large Sized Cooperative Society (LSCS), Gundugolanu, and the Mrutyunjaya Cooperative Rural Bank, (CRB), Achanta basically describes and analyses the impact of political dynamics on the mode of functioning of the cooperatives. And the study of the Eluru Agricultural Development Bank (ADB), Eluru and the Tanuku Cooperative Marketing Society (CMS), Tanuku, illustrates the exploitation of these two cooperatives by the cooperative leadership who take their cooperative activity as complementary to their other social and economic activities.

In this chapter, attention has also been focussed on the following sets of issues. Caste and Class background of cooperative leadership and identification of classes for whose benefit the cooperatives function.

Assessing the participation of various classes in the HYVP in Pedapulleru village in Bhimavaram taluq of West Godavari, Parthasarathy noted that the nonparticipants in the Programmes belonged to the social group which had less access to the kshatriya (Raju) dominated village cooperative, (Pedapulleru LSCS) and only 21 per cent of the Kshatriya farmers had never participated in the HYVP compared with 53 per cent of other castes. According to him, among the backward communities, the proportion of 'non experiments' was higher.

However, he observed that caste did not make much difference among farmers with more than four hectares (10 acres).<sup>1</sup>

Since cooperatives have been used as political instruments to build and strengthen support structure, of political leadership, the nature of political ideology, modes of political mobilization and patterns of coalition-building of the politico-cooperative leadership decisively influenced the functioning of these societies.

To understand the impact of the nature of political ideology of cooperative leadership, its modes of popular mobilization and patterns of coalition building on the working of the village level cooperative societies, the Gundugolanu Large Sized Cooperative Society (LSCS), Gundugolanu and the Mrutyunjaya Cooperative Rural Bank (CRB), Achanta were selected for the intensive study.

These two societies were selected because of the basic similarities and dissimilarities already discussed in the first chapter. These two societies were also selected essentially due to the fact that no district level or taluq level bodies were ever in the hands of the opposition parties.

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1 Parthasarathy, Op Cit. p. 62

The Gundugolanu Large Sized Cooperative Society Limited,  
Gundugolanu. (LSCS)

The Gundugolanu LSCS is one of the premier societies in the district. The cooperative society was established in 1916 and in 1957 it was converted into Large Sized Cooperative society bringing more villages under its area of operation. The LSCS is situated at Gundugolanu and it covers four villages and two hamlets.<sup>2</sup> At the end of 1981, there were 3802 members. The main object of the LSCS is to meet credit and fertilizer requirements of the rural households pursuing agricultural operations.

Between 1957 and 1981 there were 6 Boards of Management. From 1974-1981, the LSCS was managed by officials. Of the remaining six Boards, elections were fought seriously only for one. The present Board is the Seventh Board.

Gundugolanu is a traditional stronghold of the Congress party. Not surprisingly, the Congress has controlled the Gram Panchayat and the Cooperative.

When the Credit Society was converted into the LSCS, Bhogaraju Perraju, a distant relative of Dr Pattabhi Seetha-

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2 Gundugolanu is a delta village in Eluru Taluq. It is 14 Kms away from Eluru. Rice and sugarcane are the two major crops in the village and in its surroundings. The village is well connected with the rest of the district and it is located on the high way between Eluru and Tadepalligudem.

ramaiah, was the President. Perraju was a Brahmin, rich peasant Congress man. After the launching of the Package Programme in October 1960, the Presidentship of the Society became more important than the Gram Panchayat Presidentship. Consequently, there ensued a struggle for control of the Board. In January 1962, Karunakara Raju became the President of the LSCS.

Shri Hari Karunakara Raju (popularly known as Hari Babu) was a Raju landlord and a follower of Murthy Raju. He was an important leader in the village and its surroundings. Soon after he assumed the office of Presidentship of the LSCS, he began to give fertilizers and loans liberally to the village dominant minority to achieve his ambitions. Consequently, Minute Books and Loan Registers were filled with dubious names and many large scale benami allocations of loans and fertilizers took place. When one of the landlords in the village who was not satisfied with the allotted share reported 'this process' to the concerned district authorities, Haribabu with the help of his men dropped the Minutes Book and Loan Registers of the Society in the village tank.<sup>3</sup> This in no way affected his chances of winning the Gram Panchayat elections and Presidentship in 1964. Thus from 1964 to 1974, both the Gram Panchayat and the LSCS were controlled by him. During all these

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3 When the author asked the minutes and Loan Registers to go through and note some important events, the official staff of the society rejected and said that the Minutes should not be given for research purposes.

years he exploited the LSCS to keep his Panchayat President-post in tact. The LSCS was taken over by a special officer in 1974 and the society was under the official management till October 1981. Elections to the LSCS were held again in 1981.

The elections of 1981 followed the Gram Panchayat elections. Two important district level Congress leaders took great interest in the elections to the society. Both Parthasarathy and Murthy Raju selected their men for the posts of Directors and Office Bearers. While Parthasarathy elected Vogvala Venkata Reddy, belonging to his own caste, Murthy Raju selected Barla Perraju a Velama leader. Vogvala is a Kapu landlord owning a rice mill in the village. He is also a traditional money lender. Barla is a Velama by caste and a rich peasant.

The elections were declared in early October 1981. Both the groups took much interest in mobilising as many followers as possible. Consequently, the membership of the society which stood at 1932 prior to election rose to 3802. On the eve of elections, paddy, clothes and arrack were freely distributed for more than 3 weeks in the villages. Everyday, thousands of rupees were spent on keeping their support groups in tact. No ideological issues dominated the election campaigns. Color posters appeared on the walls in

which both the groups claimed their loyalty to the Congress (I) led by Mrs Gandhi. On the day of the election, both the factions used cars, trucks, rickshaws, to bring their supporters to the polling booths.

A total of 2872 members exercised their vote to elect the directors. The percentage of voters who participated in the election (to the total number of members) was 75.49 per cent.

Vogla faction won all the seats and after the elections he was elected as the President of the society. Soon after the election, Vogvala rejected the plea of constructing the cooperative society building besides the trunk road as the present location of the society was on the outskirts of the village. The land was donated by a villager for the construction of the cooperative society. The latent intention of Vogvala behind rejecting the plea to construct the society's building in the donated place was that the place was besides the house of Barla.

The Mrutyunjaya Cooperative Rural Bank Limited,  
Achanta. (CRB)

The Mrutyunjaya CRB is also one of the premier primary cooperatives in West Godavari. The Achanta Cooperative Credit Society was established in 1917 and was converted into Coope-



native Rural Bank in 1956 after the amalgamation of three cooperative societies. The CRB is situated at Achanta.<sup>4</sup> The area of operation of the Bank includes five villages and two hamlets. At the end of 1981, there were 5750 members. The main object of the CRB is to advance short term loans to members for seasonal operations and medium term loans for the purchase of pumpsets and oil engines. The Bank also acts as an agent for the supply of seeds and fertilizers to its members. One of the unique feature of the Bank is that since 1971, it has not borrowed funds from the DCCB and instead it has collected funds from its members. Thus with respect to selfsufficiency, the Bank is a true cooperative. The CRB also has the distinction of having largest deposits as well as the second largest annual turnover in Andhra Pradesh.

Between 1956 and 1981, there were nine Boards of Management. Of them elections were fought seriously for the fifth and ninth Boards.

Achanta and its surrounding areas are the strong pockets of the communists. When the Achanta CRB was formed in 1956, the CPI controlled the Bank. Its influence over the society was unchallenged until 1967. However, in the 1967 elections

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4 Achanta is one of the largest and richest agricultural villages in the district. Rice is the major crop both in rabi and khariff. The village is located on all weather roads with good public transport and it is 106 Km away from Eluru.

to the Bank, Communist Party was defeated by the Congress in five seats, while the CPI retained four members. The President belonged to the Congress and the Vice-President to the CPI. The Board was continued till 1970 and in 1971 elections the CPI and CPI (M) joined together to fight against the Congress. They bagged 7 out of 9 Board of Directors. In the next elections, the Congress candidates did not file nominations. So the same Board continued till 1981. However, a local Congress leader in 1978 brought political pressure on the District Cooperative Officer and the Divisional Cooperative Officer to conduct an enquiry into the functioning of the society. The Taluq Cooperative Officer in the report, mentioned that the Board of Directors constructed one godown with the financial assistance of government and did not call for any tenders and in this regard they misappropriated some amount (the amount was not mentioned); the directors misused the telephone; the management showing partiality in sanctioning loans to their own group and refusing loans to others. Consequently, the D.C.O appointed a person-in-charge. The Board went to the High Court and pleaded that the report was politically motivated on the grounds that the Divisional Cooperative Officer should appoint the PIC but in this case the District Cooperative Officer did it, and more importantly the findings of the TCO were not accepted by Divisional Co-

operative Officer of Bhimavaram.<sup>5</sup> The High Court verdict favoured the Board of Directors and the PIC handed over the charge in November 1978 and the same Board continued till 1981.

The elections of 1981 to the CRB followed the Achanta Gram Panchayat elections. In the Panchayat Elections, the Congress Party for the first time won a majority of seats.<sup>6</sup> Consequently, when the Bank's elections were barely declared after four months the INC (I) wanted to dislodge their opponents from the Bank while the CPI and CPI (M) tried to retain their hold over the Bank.

So both the parties (the Left and Democratic Fronts and the INC (I) ) got enrolled their party sympathisers, activists as members of the Bank. The membership of the Bank which stood at 4701 prior to elections rose to 5750. Unlike in the election campaigns of Gundugolanu LSCS, political ideology and previous Board's performance played a very important part. Five pamphlets were released by the CPI and CPI (M) party units of Achanta and by the Achanta Indira Youth Congress and the Achanta Indira Congress Party unit. While the two INC (I) pamphlets exposed the TCO's episode, all the three LDF pamphlets highlighted the business performance of the Bank under the

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5 The Divisional Cooperative Officer in his remarks on the report to the DCO pointed out and appreciated the Board of Directors for mobilising huge deposits

6 It was alleged that three Cabinet Ministers were stationed at Achanta apart from the local MIA to defeat the CPI, CPI (M) and Congress (S) fronts.

management of the left parties. According to one of the pamphlets the Bank's performance during the last decade was remarkable. Between 1971 and 1981 the membership of the CRB increased by 162 per cent, the share capital recorded an increase of 66.33 per cent and the net profit per annum of the CRB showed an increase of 668 per cent. (Figures are given below in Table 5.1)

TABLE 5.1  
THE ACHANTA CRB - A DECADE'S PER-  
FORMANCE

S No.	Item	Year	
		1971	1981
1	Membership	2214	5750
2	Share Capital	3,00,000(Rs)	5,00,000(Rs)
3	Sale of fertilisers and pesticides	1,27,000(Rs)	12,00,000(Rs)
4	Deposites	7,00,000(Rs)	40,00,000(Rs)
5	Net Profit Per Anum	9,704(Rs)	74,498(Rs)
6	Loaning capacity per anum	5,50,000(Rs)	36,40,000(Rs)

During this period both the parties activated their ties with the members of the Bank. The local Congress MLA (SC) who was hospitalized at Hyderabad due to a car accident wrote personal letters to Harijan leaders to support the INC (I) candidates. The elections were held on 29th October,

1981 for the 11 seats on the Board and a total of 4631 members exercised their vote. The percentage of voters who participated in the election was 82.5 per cent. The LDF captured all the 11 seats.

After the election the LDF candidates elected a Congress (S) director elect as the President of the Bank and a CPI (M) candidate as the Vice President. The Party wise breakup in the newly elected Board is as follows: Congress (S)-2; CPI (M)-3; CPI-6.

Unlike in Gundugolanu, the elections<sup>for</sup> the Achanta CRB were seriously fought to control the cooperative which had an important place in the economy of villages under its zone and on the economic activities of its 6000 members.

Keeping the divergent nature of political ideology cooperative leadership of the Gundugolanu LSCS and the Achanta CRB in mind an attempt has been made to analyse the impact of the nature of politicization of cooperatives on the members who are drawn from various classes and on the mode of working of these cooperatives.

However, this could be done by carefully going through the Minutes Books and Loan Registers of Cooperative Societies. But due to the nonavailability of Minute Books and serious charges of benami allocation of loans and fertilizers, in one of the two societies, this method was of little use to identify

the classes which have gained. Consequently, different classes of peasantry in the respective zones of the two cooperatives were interviewed to find out the main beneficiaries from the cooperatives.<sup>7</sup> The responses of the members are as follows:

TABLE 5.2

Responses of Different Classes of Peasantry to Benefits Derived from Cooperatives

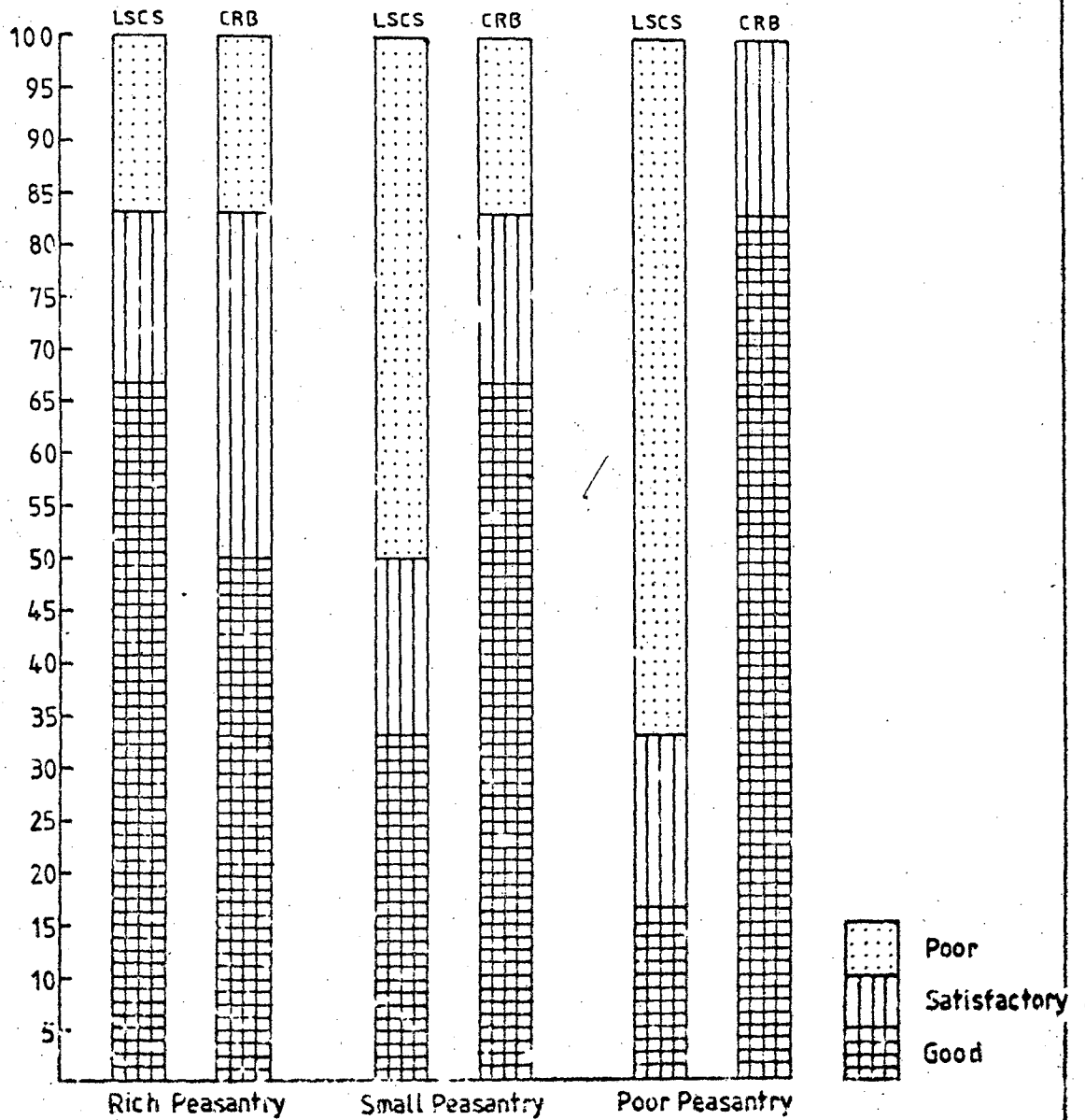
S No.	Gundugolanu LSCS			Achanta CRB		
	(1)	(2)	(3)	(1)	(2)	(3)
1. Rich Peasantry	66.67	16.67	16.66	50.00	33.33	16.67
2. Small and Marginal Peasantry	33.33	16.67	50.00	66.67	16.67	16.66
3. Poor Peasantry	16.66	16.67	66.67	83.33	16.67	-

(1) - Good; (2) - Satisfactory; (3) Poor.

On a closer scrutiny of the above table; it will be found that the benefits from the LSCS and the CRB differ

<sup>7</sup> The interviews were unstructured and nonrandom nature. A total of 36 peasants were interviewed selecting 18 from each of the zones of the two cooperatives. Out of the 18 peasants, 2 rich peasants, 2 small and marginal farmers and 2 poor farmers were selected from the dominant village (Gundugolanu or Achanta) and two farmers from the same classes were selected from two of the remaining villages. Broadly the figures in the table indicate the pattern of distribution of loans and other services to different classes of peasantry as their attitudes towards the cooperatives are guided by the benefits flown from these societies.

THE RESPONSES OF LANDED CLASSES TOWARDS  
THE GUNDUGOLANU L.S.C.S AND THE ACHANATA C.R.B  
(In Percentages)



from class to class and even among members of the same class. Among the landed class members of the LSCS, the rich peasantry benefitted the most while a majority of small peasants was deprived of its legitimate share. The poor peasantry being virtually neglected is naturally the most dissatisfied class. What is more striking is the growing discontentment and dissatisfaction ranging from the rich peasantry to the poor peasantry. In the zone of the CRB the poor peasantry has benefitted the most, middle peasantry is contented with its legitimate share and the rich peasantry has too obtained a good portion of resources. However the striking feature is the growing contentment and satisfaction among all the classes. More striking is the absence of disappointment among the poor peasantry in the zone of CRB.

Since the two cooperatives have been managed by the elected representatives of the share holders, it would be useful to explain the phenomena by analysing the political ideology and modes of political mobilization.

The Gundugolanu LSCS was controlled by the Congress Party, from 1960-1970 which incidentally was the period when struggle for power between the two major factions (Bapineedu and Murthy Raju) reached its zenith. Both factions struggled hard to capture maximum number of cooperatives and Panchayats. Because of the intense factionalism during this decade, the factional leaders showed keen interest in expanding and conso-



olidating their base as such and concentrated more on forming horizontal alliances. Since, horizontal alliances unlike vertical linkages were relatively unstable, the political leadership was forced to offer cooperative services to maintain these alliances. The political ambitions of local leadership intensified it further.

In Gundugolanu, Karunakara Raju (popularly known as Hari Babu) succeeded in capturing both the LSCS (1962-1974) and the Panchayat (1965-1976). Hari Babu was an important leader of the Murthy Raju faction as he was a landlord and had control over the LSCS and Gram Panchayat. As such he had to maintain horizontal alliances for the group led by Murthy Raju, ~~to~~ essentially to maintain his control over the LSCS and the Panchayat.<sup>8</sup> Since any threat to his authority would come from the rich landed gentry, he built a network of horizontal linkages with the village dominant minority by giving loans and offering fertilizers. It was during the same period, that IADP and HYVP were launched and the monopoly control over fertilizer distribution and disposal of some other scarce resources like credit, high yielding seeds through cooperatives put him in an advantageous position to create and sustain these horizontal linkages.

This style of politics had resulted in meeting the

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<sup>8</sup> This area falls in Murthy Raju's assembly constituency.

demands of the rich peasantry at the cost of other classes.

Evidently, loan registers and minute books of the society were filled up with dubious names and the institution largely helped the rich peasants and landlords of the villages who were participating in the Package and High's Yielding Variety Programmes. More importantly because his political ambition was confined to controlling the Gundugolanu Panchayat he had no compulsion of satisfying the demands of poor agricultural classes of distant villages. He concentrated all attention on the peasants of Gundugolanu who were relatively better served than their counterparts of more distant villages. The enthusiasm in advancing loans and distributing fertilizers was missing on the question of recovering the dues. The indifference in the collection of dues was calculated to loose the support of the village dominant minority. This meant slow rate of recoveries of loans and this in turn affected the working of the society.<sup>9</sup>

The Achanta CRB, as seen earlier was controlled by the CPI and its allies. It was one of the few important cooperatives controlled by the Communist parties in West

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9 Contrary to the general belief, big farmers have been greater defaulters in respect of repayment of loans than small farmers. In the case of small credit societies, where big farmers wield considerable influence and power, the percentages of overdues to loan outstanding has been significantly higher than among large farmers compared to small farmers, Hanumanth Rao, Ch., Socio-Political Factors, and Agricultural Policies, EPW, vol. 1<sup>x</sup> Nos, 32, 33 & 34 August 1974, pp. 1285-92

Godavari. In order to expand and consolidate its base and to meet the new challenges posed by the Congress, the CPI concentrated more attention on the recruitment of small and poor peasants and agricultural labourers into its ranks. This helped the party to tighten its grip over important strategic rural institutions, especially cooperatives. The control over the Achanta CRB occupied an important place in the political strategy of the CPI.

The aims of the CPI in controlling the CRB were clear. In fact ever since its failure to capture the Bank in early fifties, the Achanta Congress Unit had been more interested in discrediting the CPI leadership in case it could not keep the Bank on sound lines. Consequently, manageability of the Bank became a litmus test for the CPI. The leadership in order to make the Bank a strategic political instrument encouraged a large number of small and poor farmers to become members of the Bank. The cooperative provide them loans, fertilizers, controlled cloth, sugar. These agricultural classes responded enthusiastically to the party in the awareness that the party wouldh help the small and poor farmers. At the same time, the leadership did not want to loose the sympathies of rich peasantry. For instance, the party left the Presidentship of the Bank to a rich peasant who was a sympathiser of the CPI.

This type of politics served the poor and small peasantry with much greater care and attention. Since the party's political activity was not confined to Achanta, the poor and small peasantry of other villages as well as under the zone of operation of CRB were equally helped. The leadership, despite their bias towards the poorer agricultural landed classes did not neglect the rich peasantry. The cooperative leadership unlike in Gundugolanu was anxious both in advancing loans and in recovering dues. The 'watch dog's role' of the Congress kept the cooperative leadership on its toes. Consequently, the leadership worked very hard to recover the loans issued by the Bank. More importantly the cooperative leadership expanded the business activities of the Bank in order to consolidate the support structure of CPI.

The above study of the Gundugolanu LSCS and the Achanta CRB clearly shows that functioning of cooperative is vitally affected by the ideology and strategy of mobilisation adopted by the leadership. In fact, political ideology and popular mobilization played a very vital role in protecting classes whose interests are consistently supported. For instance, the emphasis of Congress controlled cooperative leadership or horizontal alliances in Gundugolanu resulted in benefits for rich peasantry at the cost of other member classes, while in contrast CPI's emphasis on

expanding the party base in Achanta helped the poor and small peasantry to utilise the cooperative facilities and to claim their legitimate share.

What is more important is the relationship among the three categories - political party, cooperative leadership and members. As seen in the case of Gundugolanu LSCS, the political ideology of cooperative leadership established a close and mutually beneficial relationship only between the Congress and the cooperative leadership. In the case of Achanta CRB there exists a symbiotic relationship not only between the CPI and cooperative leadership but also between the cooperative leadership and the general body of members who supported the CPI in controlling the Bank.

## II

This section describes the analyses the exploitation of the Eluru Cooperative Agricultural Development Bank and the Tanuku Cooperative Marketing Society by those who have social and economic interests rather than political ambitions in controlling the cooperatives with the help of Congress.

The Eluru ADB and the Tanuku CMS have been selected for the intensive study due to their significance in their respective areas of operations and the nature of leadership

controlling the cooperatives. The Eluru ADB is the only cooperative institution providing long term loans to farmers for agricultural developmental activities in the Eluru taluq a partly delta and partly upland taluq of West Godavari. The Bank has stood first among other ADBs in the district in terms of loans advanced with the lowest amount of overdues. Due to its central place in the rural economy of Eluru Taluq the cooperative has been controlled since 1949 by an important Congress leader. The Tanuku CMS is the primary marketing cooperative extending marketing facilities to the peasantry of Tanuku taluq, the most fertile taluq of West Godavari. Due to its paramount importance the TCMS has been controlled since 1947 by a Congress leader who is an industrialist and zamindar. More importantly, the leadership of TCMS has taken interest in the cooperative as it has much to offer the leadership to further its economic interests in a privately owned sugar factory located in the sphere of Tanuku CMS. Furthermore, both the cooperatives are controlled by rather influential people backed by the Congress. The monotony of unanimous elections and the uninterrupted hold by the same cooperative leadership are some of the interesting common features.

The Eluru Cooperative Agricultural Development Bank Ltd., Eluru. (ADB)

The ADB, situated at Eluru, is one of the premier primary banks established in 1930.<sup>10</sup> The Bank sanctions

10 Out of the 8 PAD Banks in West Godavari, Eluru,

long term loans to its members on the mortgage of lands. The area of operation of the Bank includes 142 villages in Eluru taluq. It has stood first among the ADBs in West Godavari with the highest membership, share capital and in terms of loans advanced. By the end of 1981, 8335 members were enrolled; an amount of Rs.21,151 lakhs was outstanding, and an amount of Rs.6.48 crores had been advanced for various purposes since its inception. Out of it 62.85 per cent of loans were given for agricultural purposes. The total amount of overdues in June 1981 was 12.55 lakhs, the lowest of all the eight ADBs in the district.

The ADB has an important place in the rural economy of the Eluru taluq which is partly a delta and partly an upland region. Therefore, agriculturists of the region need long term loans for various development programmes. While a peasant in delta requires loans to buy a tractor or a power tiller to replace the wooden plough, his counterpart in the upland village needs a long term loan to substitute a fitter point or an oil engine for the old archemedian screw. For these agricultural developments apart from buying and levelling lands and purchasing other allied machinery, the farmers need loans with low interest rates and long periods to repay them. Now they rely more upon the

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/foot note No.10 contn./

Penugonda and Bhimavaram cooperatives were the premier societies established in 1930. The Bank advances Rs.85000 to 105000 to buy a tractor; Rs.25000-30000 for a power tiller, and Rs.25000-20000 to have a fitter point.

ADB rather than on the money lender who charges 15 to 25 per cent of interest. The President of the Bank is the ultimate authority to advance loans against the lands of loanees. Consequently, the post is prestigious as well as powerful.

The ADB since its inception has been managed by nonofficials. Kalagara Nagabhushana Choudhary, an advocate-cum-landlord was the founding father of the Bank. He was the first President and continued in the office from 1930 to 1948 and in 1949 he elevated Maganti Seetharama Das to the post of President.

Maganti is a Kamma landlord from Chataparru village. He was imprisoned during the freedom struggle. Upon his release in 1933, he was elected as the treasurer of the ADB. He retained the post for 16 years. He also held other important positions, such as the District Board President 1949-52; MLC and Chief Whip of the Congress Party in 1952 and also a member of the District Congress Committee and Provincial Congress Committee many times.

Since 1949, there were nine Boards of Management. But all these Boards were unanimously elected because Maganti established his unassailable power in the early fifties which made elections in the Bank mere rituals. Therefore, the 'democratic management' process was nothing



more than a 'one man show'. Even the Bank's building was named after Maganti. Board meetings were often held in his own mango grove and a number of officials were from his village. He was the final authority in taking decisions on any issue, so much so that he could select and drop directors at his choice.

Only once during his 30 year long rule, Maganti was challenged, by another Director who raised the banner of revolt against Maganti in order to become the President of the Bank. When Rao criticized Maganti publicly, he immediately resigned, but the election of the new President was postponed on the ground that two of nine Directors were not present in the meeting. Meanwhile differences were patched up and in the next meeting Maganti was again unanimously elected as the President. He requested Rao to continue as the Vice President of the Bank. However, after two months Rao was debarred from the directorship on the ground that he failed to repay his loan to the Bank. Now, Maganti was successful in weeding out the dissident and later with the same ease he made Venguta<sup>n</sup> Kanaka Rama Brhman the Vice-President of the Bank.

Venguta<sup>n</sup> a rich peasant from Vatlur village is an ardent supporter of Maganti. Venguta<sup>n</sup> joined as a clerk in 1937 and retired as a Business Manager in May 1976 from the Bank. Maganti coopted him as the director of the Bank in

June 1976 when one of the directors was disqualified for not attending three consecutive Board meetings. Later he was appointed as the Vice President of the Bank in September 1976.

The Eluru ADB provides an interesting example of how cooperatives are used as stepping stones for advancement. Cooperatives give the necessary contacts and prestige. For instance, Maganti controls the Bank although he has no particular political ambitions. He has not used the Bank to further his own economic interests. In fact he never took a loan from the Bank and has always represented the non-loanee group. Nevertheless he used his control over the Bank to promote his interests.

Maganti's special ambition was to become the President of the AP Cooperative Central Agricultural Development Bank, one of the most coveted posts at the State level. To achieve his ambition Maganti had consistently been following rich-peasant oriented loaning policies to keep the overdues position lower. Since Maganti's ambition of occupying the ~~AP~~ Bank ~~he~~ was directly linked with the performance of the Eluru Bank he advanced loans in large amounts to rich peasants. The policy of advancing loans to the dominant class was helping Maganti. On the one hand, the rich peasants were obviously able to pay the loans in time hence the overdues position would be lower and on the other, the policy satisfied the

needs of rich peasants who might otherwise challenge Maganti's uninterrupted hold over the Bank. Consequently, the maximum amount of loans advanced and the lowest overdues of the Bank enhanced the prestige and power of Maganti vis-a-vis the Presidents of other AD Banks in West Godavari. Besides, his Congress affiliation made Maganti more ambitious and optimistic. It was essentially through the policy of advancing loans to rich peasants, Maganti used the Bank as an instrument to achieve his ambition.

During the recent elections of 1981 Maganti faced a legal hurdle. When the Act restrained him to continue on the Board as he was a member of the Board for more than two consecutive terms, he filed a petition arguing that the Bank was under the supervision of government nominated official board from 1.4.1978 to 8.11.1981 and since this period exceeded three years, it should be regarded as a term.<sup>11</sup> He got the stay order and filed his nomination. Out of the eleven constituencies, in only one the number of nominations exceeded the number of seats. In Mundru constituency when there were six candidates filed the nominations for one post, Maganti followed the 'draw of lots' and avoided the contest. And in the new Board, again, Maganti and Vegunta were elected as the President and Vice President of the Bank.

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11 Article 21 C of 1964 Cooperative Societies Act Prohibits a person to hold office as a member of the Committee for more than two consecutive terms.

Another important dimension of the functioning of the Bank was the apathetic attitude of the members. The problem of apathy is dependent upon the extent to which members participate in the affairs of cooperative. In any democratic institution the members' participation is identical with the election of representatives. The process of electing representatives not only makes the members responsible and more importantly gives them the feeling of participation and makes a cooperative a true democratic institution. But most of the members of the Bank interviewed remarked that Maganti's style of functioning had sown the seeds of apathy. They also alleged that Maganti for his own interests never allowed others to contest various posts in the Bank. But for Maganti, the series of unanimous elections reflected his enormous grip over the Bank for the last three decades. In fact, Maganti always strived for unanimous elections because they enhanced his prestige and power vis-a-vis the Presidents of other AD Banks in the district which in turn made him the representative to the State Apex Bank from West Godavari. Consequently, the members of the Bank argued that 'Democratic Management' was just a facade in the Bank.

The study of Eluru ADB shows that the Bank is a principal institution in changing the weak technical agricultural base into a strong one by providing loans to affect

technical improvement. The bank brought about radical progress in the technique of agricultural production and prepared a strong technical base for capitalist agrarian relations. In the process, the Bank catered to the needs of rich peasant to the neglect of others. This fitted Maganti's political scheme of occupying the Apex bank. His success depended upon the extent to which he could satisfy the rich peasant groups who mattered most. Consequently, he followed rich peasant-oriented policies ~~that~~ ~~and~~ and deprived the legitimate share of other agricultural classes. Further, the monotony of unanimous elections made the members apathetic. His ambition in controlling the Bank over the last 30 years was clearly reflected in 1981 when he went to the Court to continue on the Board. In this process, of achieving his ambition, the Eluru ADB was subverted to achieve Maganti's ambition and to meet the demands of rich peasants.

The Tanuku Cooperative Marketing Society Limited, Tanuku (TCMS)

The TCMS is a Primary Cooperative Marketing Society registered in 1947. It is situated at Tanuku. The area of operation of the society extends to 36 villages in Tanuku taluq. The membership of the society consists of individuals members and Primary Cooperatives. There were 390 individual members with a share capital of Rs.43,780 and the 27 PACS which were members of the CMS had a share capital of Rs.800.

The Society renders two important services to the members (i) Supply of agricultural inputs and essential consumer goods; and (ii) Processing and marketing of agricultural produce.

Between 1947 and 1982 there were ten Boards of Management. Of them the ninth Board was an official board and the remaining nine Boards were unanimous. Unanimity was ensured by the presence of Mullapudi Harishchandra Prasad, a powerful individual who exercised control over both the political and economic activities in the taluq. Mullapddi controlled the TCMS from 1947 to 1972. While he was the President of the TCMS, his son-in-law, (the President of Pervati Panchayat Samiti, 1964-76) was on the Board for more than two terms (1965-1972). When the Act restrained them to continue on the Board, Mullapudi brought his brother-in-law YNR Chowdary to run the Society.<sup>12</sup> Thus from 1972 to 1978 Chowdary controlled the Society. From 1978 to 1981, the TCMS was managed by officials. The society again passed into the hands of YNR Chowdary, when the new Board was elected unanimously in November 1981.

During all these years no attempt was made either by the opposition parties or by his rival faction to challenge

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12 Article 21-C of 1964, AP Cooperative Societies Act

Mullapadi's authority over the affairs of the Society. So unassailable was his position that even if the opposition combined to dislodge they were unlikely to succeed.

Mullapadi had neither political ambition nor for that matter a philanthropic concern in controlling the TCMS. The main reason was that his family held major shares in the Andhra Sugars Ltd, a privately owned sugar factory. The Andhra Sugars and the TCMS were established in 1947. The sugar factory is not only situated in the sphere of TCMS, more importantly, the sugarcane reserved zone of the factory and the area of operation of the TCMS broadly overlaps. As such, the Marketing Society can in many ways help leadership in the pursuit of its own economic interests.

Mullapadi had a 'special style' of functioning. Whenever his economic interests were threatened, Mullapadi became politically active to control various economic and political institutions in Tanuku. For example in 1955, he contested from Tanuku Assembly constituency on the Congress ticket because he feared communists would storm his bastion of power. Mullapadi represented the constituency till 1967 when he was ~~defeated~~ by an independent candidate due to bitter factionalism in the Congress. Later he never contested elections and even rejected the offer of election to the

Legislative Council. However, he reentered politics on the eve of elections to the Tanuku Municipal Council in 1981, when Chitturi Subba Rao, M.P., made a public statement that Venkatarayapuram will be included in the Tanuku Municipal zone if his faction came to power.<sup>13</sup> Chitturi argued that trucks carrying sugarcane to Andhra Sugars at Venkatarayapuram used Tanuku Municipal Roads, yet the Tanuku Municipality lost revenues because the factory was not in the Tanuku zone. On this issue the two factions fought elections which were won by the Mullapudi faction. YNR Chowdary also contested the elections at the request of Mullapudi and won with a substantial majority to become the director. Mullapudi was unanimously elected as the Chairman of the Tanuku municipality and thus prevented the move to include Venkatarayapuram in Tanuku zone which would have adversely affected their interests in Andhra Sugars.

During 1947-78, the ICMS was controlled by Mullapudi and YNR Chowdary, who had no interest in the promotion or expansion of the cooperative activities. Since their interests, in controlling the society was more strategic they did not bother about the performance of the cooperative. For instance, the cooperative leadership used the ICMS godowns and distributed seeds, fertilizers and insecticides

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13 Chitturi is the Congress (I) M.P., He defeated Kommareddy in 1980 from the Eluru Parliamentary constituency



to those members who were cane suppliers to the Andhra Sugars. Consequently this style of management adversely affected the performance of the cooperative and the profits during all these years sunk to a low level. In 1978, the TCMS passed into the hands of officials. The official Board, unlike the preceeding Boards took much interest in promoting the business activities of the Society which phenominally increased the profit, purchases and sales of the TCMS. (Figures are given in Table 5.3).

TABLE 5.3

OUT PUT AND PROFIT OF TCMS FROM 1947 to 1981

S No.	Head of Board	Period	Purchase	Sales	Net Profit
			(Rupees in Lakhs)		
1	Mullapudi	1.4.47-	2.10	2.29	0.13
		31.7.72			
2	VNR Chowdary	1.8.72-	12.00	12.75	0.20
		31.3.78			
3	Officials	1.4.78-	32.00	31.00	0.63
		23.12.81			

Source: Data collected during field work.

Further Mullapudi at the time of the establishment of TCMS encouraged many individuals to join the Society. Invariably the individual members were big cultivators and absentee landlords with powerful business interests. Their

membership, though useful in raising the share capital also created vested interests in the exploitation of the society for individual gains.

Another adverse affect of the unbroken hold of Mulla-pudi's family over the ICMS was the growth of apathy of members towards the Society. A number of members alleged that the uninterrupted hold over the society, by too many big people and monotony of elections destroyed their desire and initiative to participate in the cooperative democracy.

Above all, whatever benefits were derived from co-operation in the marketing of output and purchasing of such outputs such as fertilizers, improved seeds would flow mainly to the limited group that had marketable surplus to sell.<sup>14</sup>

The study of ICMS shows that the cooperative leadership took their work in the cooperative as complementary to their other economic interests. The economic interests in the Andhra Sugars have dictated Mulla-pudi and family to exploit the cooperative. The unbroken hold of Mulla-pudi's family over the ICMS, the passing over of the cooperative into the hands of YNR Chowdary and the phenomenal rise in the output sales and profit during official management period clearly indicate the basic interests and motivations of the leadership in controlling the society.

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14 Myrdal Gunnar, 1968, Asian Drama, Vol. II, Penguin, London, pp. 1338-339

## III

Caste and Class Background of the Cooperative Leadership

The degree to which cooperatives could fulfil the socio-economic objectives set for them depends upon the nature of leadership that dominates these institutions. Hence, an enquiry into the role of the cooperatives to be meaningful must consider the caste and class character of cooperative leadership as there is a convergence of socio-economic and political power in rural India.

The cooperative bodies, from the village level to the district level (from the PACS to the DCCB and DCMS) are controlled by the dominant peasant castes of the district namely, the Kammas, the Kapus and the Rajus.

At the village level, where social status and economic power coalesce, these societies are being controlled by dominant peasant castes. The caste background of cooperative leadership in both Achanta and Gundugolanu was identical in the sense that the former was controlled by the Kammas and the latter by the Rajus and the Kapus. The Tanuku CMS, the Eluru ADB, were generally controlled by the Kammas. The Palcole cooperative sugars was in the hands of Rajus for a fairly long period as its area of operation included the Bhimavaram and Narasapur taluqs, where Rajus

were numerically dominant and economically powerful. The DCMS had five presidents from its inception and all the five were Kammas. While Kapu representation on the various Boards was significant, Raju's representation was negligible in the DCMS. The DCCB had three Presidents since 1953 and all three were Kapus. The elevation of Parthasarathy, ~~to~~ to the President rank, bypassing Maganti Raghavendra Rao of Kamma caste, the Vice-President of the Bank was an example of the importance of the Kapu caste in cooperative politics.

The study of the seven cooperative societies, indicates that small or marginal farmers form a substantial membership of village level PACS. But their representation at the decision making level is marginal. The leadership of various societies is drawn heavily from the rich peasant and landlord strata. For instance, on the Boards of Achanta CRB, and Gundugolanu LSCS (the short and medium term credit institutions) the representation of the small and marginal peasants was quite impressive, but their representation at the district level was negligible. The DCCB had four Presidents and of them one was a Zamindar and the other two were landlords.<sup>15</sup> Even on various Boards, the number of small and marginal peasants was not discernible.

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15 Javvadi Lakshmiah Naidu (1953-67) was a Zamindar. V.V.R (1968-72) and Javvadi Sri Ranga Naikulu (1982- were landlords. The only exception was during 1972-75, when a scheduled caste Congress MLA (Sali Venkata Rao) was nominated to the Presidentship of the DCCB.

The Presidentship of the Eluru Agricultural Development Bank (Long term credit institution) was always in the hands of landlords. Both Kalagara Nagabhushana Choudary (1930-1948) and Maganti Seetharama Das (1949- ) were landlords. While the representation of poor peasantry was almost nil, the presence of small and marginal farmers was negligible for all these years on various Boards.

The Tanuku cooperative marketing society had been controlled by Mullapudi Harishchandra Prasad and his family members. Mullapudi, a leading industrialist and Zamindar controlled the TCMS for almost 25 years.<sup>16</sup> YNR Choudhary who controlled the society since 1972 was also a landlord with strong business interests. Most of the members on the various boards (elected by both individuals and societies) were rich peasants and the representatives of the small and marginal peasantry were very rare and those of poor peasantry even less.

The class character of the DCMS leadership was identical to that of the DCCB as was an overlapping leadership between these two societies. All the Presidents of the DCMS

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<sup>16</sup> Mullapudi has had economic interests in a number of firms. He was the Managing Director, Andhra Farm Chemicals, M.D. and Chairman, Andhra Sugars Ltd; Chairman, Andhra Foundry & Machine Tools; General Manager, Sri Satyanarayana Spinning Mills; Director, Hindustan Chemicals; Director, Elecon Engineering Co Ltd; Director, AP Industries and Infrastructure Corporation (Pub Sector) and former President, the Federation of AP Chamber of Commerce and Industry.

since 1952 were land lords. Kommareddy Suryanarayana (1952-65) and Veeramachaneni Venkatanarayana (1965-66) were landlords from Potunur Village. Aalluri Bapineedu (1967-73) was a Zamindar. YNR Choudhary (1982- ), the President of the TCMS was a landlord with considerable business interests. The representation of small and marginal farmers was hardly noticeable and most of the directors were drawn from rich peasant category.

The case of Palcole cooperative sugars was not very different from the others. All the Board of Directors since its inception were drawn either from the landlord category or rich peasant class. The representation of other agricultural classes was virtually absent.

The Palcos had seven Boards since its inception. Out of them the first three were nominated Boards and the remaining Boards were elected. Of the total seven Boards, the small farmers have no representation on the first-six Boards.<sup>17</sup> It was only on the Seventh Board they gained representation of six out of fifteen Directors, i.e. 40 per cent.

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17 A small farmer, as defined by the bye-laws is a person holding not more than 5 acres of irrigated land or 10 acres of unirrigated land (1 acre wet = 2 acres dry)

Their representation on the Board was due to the reservation policy introduced at the time of Seventh Board for the Scheduled Castes, Scheduled Tribes, Backward Castes. Though the reservation was on the caste basis, the small farmers gained as these reserved castes were coincidentally belonged to the small farmer class (Figures are given in the Table 5.4).

TABLE 5.4

**B The Classwise Distribution of the Board of Directors since Inception of Palcos**

S No.	Total No. of Directors	Period	No. of Small Farmers	No. of Rich Peasants and landlords
1*	11	23.11.55-24.3.59	0	11
2*	11	25.3.59-31.5.62	0	11
3*	10	1.6.62-15.10.64	0	10
4 <sup>o</sup>	10	1.8.66-30.6.69	0	10
5	10	1.7.69-31.6.72	0	10
6	10	1.7.72-31.12.75	0	10
7**	15	10.11.81-9.11.84	6	8

Total Members: 8396; No. of S.F. 3930 (46.8%); No. of R.F. 4466 (53.2%)

Source: Data collected during field trip.

\* S No.1, 2 and 3 were nominated boards. From 16.10.64 to 31.7.66 and again from 1.1.76 to 9.11.81 the factory was under official management.

\*\* Out of them one was reserved for nonseasonal workers of the factory.

TABLE 5.5

Number of Seats Reserved for the Scheduled Castes, Scheduled Tribes and Backward Class members in various Cooperatives:

S No.	Class of Society	Total No. of Seats.	Seats reserved for				
			SC	ST	BC	Open	Nomina- tion
1	PACS (Including CRB & LSCS)	11	2	1	2	6	-
2	PADB's	11	2	1	2	6	-
3	PCMS	13	2	1	2	7	1
4	Sugar Factories	23	2	1	2	10	8
5	DCCB	23	4	2	4	11	2
6	DCMS	15	2	1	2	7	3

Source: Data collected during field trip filled by cooption. However, this process was not always as smooth as in the cases of the DCCB and Palcos. For example, in Achahta-Vemavaram village, there were two rival factions and both the factions got five seats each in the recent elections for the PACS. Consequently, they could not reach an agreement on the cooption of a scheduled caste candidate who would obviously tilt the balance. This deadlock resulted in the taking over of the society by officials for management.

The third and more frequently adopted method at the PACS level was to bring pressure on the 'reserved members' in order to get their support. They can do so because



However, the recent amendment to the Andhra Pradesh Cooperative Societies Act of 1964 (G.O. M.S. No. 340, 30th July 1981) brought about a marked change, in the caste and class composition of cooperative leadership by reserving some seats for Scheduled Castes, Scheduled Tribes and Backward Classes on the Board of Management. This led to changes in the composition of the Boards at various levels. For instance, in the PACS, CRBs, LSCS and PADBs, the total number of seats is eleven and of them five seats are reserved for Scheduled Castes, Scheduled Tribes and Backward Classes. The total number of seats on the Board of the DCCB is 23 and of them five are meant for the reserved castes. Even on the Board of PCMS, DCMS and the Sugar Cooperatives the total seats reserved for Scheduled Castes, Scheduled Tribes and Backward classes are five. (Figures are given in Table 5.5)

Obviously, the changes were not substantial enough to remove the vested interests who were too deeply entrenched to be dislocated by amendments. They found ways of neutralizing and countering the amendment by filling reserved posts with loyal agricultural labourers. In some cases the reserved posts were deliberately kept vacant so that the majority faction in the board would coopt their henchmen after the elections. For example in the DCCB one Scheduled Caste and Scheduled Tribe post was

The leadership of the two cooperatives used these institutions as effective political instrument. Consequently, the nature of political ideology of leadership determined the modes of popular mobilization and patterns of coalition building which in turn linked the cooperative leadership with the various member classes. It is in this process the political factors played a vital role in protecting the classes whose interests are consistently supported.

From our study it is clear that the Congress and CPI succeeded in building and strengthening their bases. However, what is more important is not only the political gains of cooperative leadership and the political parties but the economic gains accrued to the small men of very limited means from the cooperatives. But the intense-intra-party factionalism in the Congress and the excessive emphasis of Congress controlled cooperative leadership on horizontal alliances in the zone of the Gundugolanu LSCS resulted in benefits for the rich peasantry. In contrast, the CPI's emphasis on expanding and consolidating its base and the watch dog role of the Congress helped the poor and small peasantry to utilize the cooperative facilities. The relationship between the political factors and the general body of members who are drawn from various classes made the Gundugolanu LSCS a failure and the Achanta CRB a successful cooperative society.

most of them are agricultural labourers who sell their labour power for survival and are, therefore, vulnerable to pressure. For example, in Chennayagudem CRB, the power struggle between Ramana Reddy group and Bapineedu group reached climax.<sup>3</sup> In the CRB, Reddy's faction got a clear majority of 7 out of 11 members and emerged successfully. But the Bapineedu group had exploited the Jajmani-ties and succeeded in getting the support of one SC and one ST members (both were agricultural labourers) who had hitherto supported the Reddy group. This shift tilted the balance in favour of Bapineedu faction (6-5) and made the President of the rival faction ineffective.

The main reason for many of these problems was the class background of the SC and Backward class members. As most of them were agricultural labourers, wealthy landed classes used them as pawns in the game of power politics.

The foregoing description and analysis of the four agricultural cooperatives show that the leadership took their work in the cooperatives to achieve their other socio-economic and political interests.

The comparative study of the Gundugolanu LSCS and the Achanta CRB demonstrates the relationship between the political ideology of cooperative leadership and the nature and course of development brought about by these societies.

The study of the Eluru ADB and Tanuku CMS shows that the leadership exploited their control over the societies to achieve their social and economic ambitions. The cooperative leadership subverted the institutions to further their own interests. The President of the Eluru ADB and the leadership of the Tanuku CMS were not only influential people in their respective taluqs dominating the economic and social activities but also they are politically powerful leaders backed by the Congress. Due to the convergence of socio-economic and political power the leadership's control over the cooperatives became unchallenged and it resulted in the monotony of unanimous elections and the uninterrupted hold by the same cooperative leadership. It was due to the existence of these monopolistic tendencies, the members of the cooperatives became apathetic and member's apathy further made the leadership to exploit the cooperatives. Thus in both these societies a 'vicious circle' was in operation.

Regarding the caste and class background of the cooperative leadership in West Godavari, the study demonstrates the uniformly rich peasant and landlord class background of the cooperative leadership who are drawn from various castes.

CHAPTER SIX

CONCLUSION

No institution of development can function either in vacuum or in isolation. Agricultural cooperatives are by no means an exception. They operate in a concrete socio-economic and political context. In their attempt to translate policy goals into programmes of action, the cooperatives interact with the given social, economic and political structures. In this process, the nature and course of development brought about by the cooperatives influences the other structures and in turn gets influenced by them. It is through the latter process that the agricultural cooperatives have been politicized.

In West Godavari, the agricultural cooperatives have been thoroughly politicized. The conjunction of the three factors and forces, viz. the principle of democratic management, the vital role in the new agricultural development, strategies and the adoption of liberal democratic polity based on universal adult franchise has made the political involvement of cooperatives an inevitable process.

The interaction between political process and cooperative institutions over the past three decades yielded mixed results in West Godavari. Two major conclusions emerge from the study regarding the relationship between politics and cooperatives.

- (i) There is a symbiotic relationship between cooperative leadership and the Congress party rather than between cooperatives and the Congress party or between cooperatives and politics. Both the cooperative leadership and the Congress has benefitted which explains why links are confined to the leadership and not the whole membership of cooperatives which have not gained much.
- (ii) There is an indirect relationship between the nature of political ideology of politico-cooperative leadership and the various member classes. The nature of political ideology of cooperative leadership determines the modes of popular mobilization and patterns of coalition-building which linked the cooperative leadership with the member classes. The degree to which the nature of political ideology determines the nature and course of development is determined by the extent to which the cooperative leadership use the cooperatives as political instruments. In other words the horizontal alliances, as could be found in the Gundugolanu LSCS, controlled by the Congress are beneficial only to the rich peasantry. In contrast to this, due to the ideology of CPI the small and poor peasants who formed the base of the party could utilize the cooperatives to get their due share.

After independence, the political parties in West Godavari regarded the agricultural cooperatives as indispensable instruments in mobilising the vast agricultural classes and to seek legitimacy for their leadership. The Congress leadership prompted by the demands of democracy and voting arithmetic deftly used the party's association with the cooperatives during pre-independence days. As a result, the Congress leadership allocated the two district

level bodies to the Kapus and the Kammas in order to avert clashes among its multicaste leadership and to counter the attempts of opposition parties to capture these societies by exploiting the intra-party factionalism.

The relationship between the Congress and the cooperatives is a two-way relationship. On the one hand, the party offered Congress tickets for the Assembly and Parliament seats to powerful cooperative leaders who are drawn from the powerful landed classes. On the other hand the party nominated Congressmen in important cooperatives by virtue of its power at the State level so as to make them more effective in defeating opposition, Party candidates.

This approach has led to a reciprocal relationship between the Congress party and the cooperative leadership. The powerful cooperative leaders derived two main benefits with the association of the Congress; their control over cooperatives was rendered more authentic and unassailable because of the Congress cover and also because they succeeded in translating their economic power into political power. On the other hand, by stamping the Congress label on cooperative leadership, the party established control over the cooperative structure and more importantly succeeded in strengthening its ranks, its position and as a result emerged as the dominant party in West Godavari.



Essentially because of this approach, the relationship between the Congress and Cooperative has become so delicate that it is difficult to say whether the Congress has emerged as the dominant party because of its control over the cooperatives or the cooperative structure has been controlled by the Congress because of its dominant position in the polity. However, the study of the evolution and growth of the DCCB, DCMS and the Palkos in West Godavari suggest that the control over the cooperatives accelerated the change from multi party system into oneparty dominance.

More importantly, the intra-party factionalism in the Congress and persistent showdown among its leadership encouraged the factional leaders to use the cooperatives as levers to enhance their position vis-a-vis the rival factional leaders. Consequently, the Congress leaders were eager to control the cooperative societies and in this process the intra-party factionalism in the Congress reflects in cooperative politics and in turn gets influenced by the Cooperatives.

Regarding the association between cooperatives and the Congress, it appears that Congress control has not strengthened the cooperative movement in the district or the State. It is evident that cooperatives per se have not gained perceptibly from its intimate links with the Congress, if any thing, those cooperatives controlled by

the Congress have not been greatly successful.

No doubt, cooperatives and politics interact and during this process of interaction, they influence each other, i.e. the political leadership of cooperatives shape the course and nature of development and in turn changes the structure and style of politics. But this process of interaction and influence should not be mistaken as symbiosis. The symbiosis between politics and cooperatives presupposes benefits for both. But the impact of political processes on the selected cooperatives is not essentially of this relation. In most of the cases the politico-cooperative leadership have derived benefits at the cost of majority of cooperative members. In that sense politicization which is tantamount to political domination has been harmful for the majority of cooperative members.

The study of the Gundugolanu LSCS and the Achanta CRB demonstrates that the nature of political ideology of cooperative leadership vitally affected the functioning of cooperatives. In fact, the nature of political ideology played a vital role in deciding the modes of popular mobilization which in turn protected the interests of a few classes. For instance, the emphasis in Congress controlled cooperative leadership on horizontal alliances in Gundugolanu resulted in benefits for the rich peasant and landlord classes at the cost of other member classes, while in contrast

the CPI's emphasis on expanding the party base in Achanta helped the poor and small peasantry. Furthermore, the divergence in the mode of popular mobilization has established different kinds of relationships among political party, cooperative leadership and members. The mode of popular mobilization in Gundugolanu established a close and mutually beneficial relationship only between the Congress and the Cooperative leadership, while in the case of Achanta CRB, there existed a shared relationship not only between the CPI and the Cooperative leadership but also between the cooperative leadership and the general body of members who supported the CPI in controlling the Bank.

Besides the above two major conclusions on the relationship between politics and cooperatives, the enquiry also highlights two striking phenomena. Firstly, with the shift of political power after independence, the character of cooperative leadership had also changed. The old upper-caste, middle class, urban leadership was replaced by the rich peasant castes. Soon there was a near total monopoly of this section over the structure of cooperative leadership. However, the striking feature in West Godavari was the uniformly the rich peasant class background of the leadership, but the same homogeneity was not discernable in the caste background of the cooperative leadership.

The second notable aspect was the problem of apathy among the members of the Eluru ADB and the Tanuku CMS. The problem of apathetic attitude of the members of these societies is a matter of concern because it adversely affects cooperative democracy. In fact, active participation of members is most essential for the effective functioning of cooperatives. The problem of apathy is dependent upon the extent to which members take advantage of the opportunities open to them. The study of the Eluru ADB and the Tanuku CMS disproves that often repeated argument that the growth of oligarchic tendencies is a byproduct of general lack of interest and a low level of participation by members. Contrary to this view, our study of the cooperatives shows that the members' apathy is itself an outcome of the existence of monopolistic tendencies in the cooperatives. The apathetic attitude of members in the ADB and CMS is essentially because of the uninterrupted control over these societies by influential people, the monotony of unanimous elections and also the lack of a strong opposition to replace ruling leadership. Therefore, one may conclude that the apathetic attitude of members is more because of economic and political factors rather than (cooperative) educational standards among the members.

In view of our framework, an important question that needs to be asked is how far have agricultural cooperatives

succeeded in bringing about 'growth with social justice'? Cooperation succeeds among equals. Cooperatives, in theory at least are supposed to be organizations of small men of very limited means with common interests so as to give them the Power of Union against the entrenched. However, in the process of working, divergent and conflicting economic interests have crept in and, finally, these societies are in the hands of the vested interests who subvert the societies to their own advantage. Taking advantage of the provision of democratic management the traditional ruling classes due to their overriding social, economic and political power have captured and controlled them to further their own interests. This deficiency of cooperatives is inherent in the environment - socially inegalitarian economically exploitative and politically factional - in which cooperatives operate. Consequently, the agricultural cooperatives reflect these contradictions in their functioning.

It is evident from the study of the seven cooperatives that the privileged are enjoying cooperative credit and other services disproportionate to their share in land and exploiting marketing and processing facilities and only a few benefits are 'trickling down and all too slowly' to the needy. The only remedy lies in a thorough reorganization of the agrarian structure. But unfortunately,

in West Godavari, the land reform acts failed miserably, and the IADP and HYVP further widened the gulf between the haves and havenots.

From our study it is quite clear that as long as the conflicting economic interests linger and the unequal distribution of ownership and control over land remain, the prospect of cooperatives delivering the goods will indeed be bleak. In fact, it is in this context that the nature of politicization of cooperatives assumes significance. If the politico-cooperative leadership has no 'political will' to bring 'growth with social justice' the agricultural cooperatives, contrary to their objects accentuate the economic disparities that are already existing and make the poor agricultural classes poorer. In the long run these economic <sup>costs</sup> ~~sets~~ may even threaten whatever political gains accrued to the political parties from their control over cooperatives.

Analysis of data of the selected agricultural cooperatives in West Godavari of Andhra Pradesh shows that the process of politicization of agricultural cooperatives is inevitable in the democratic polity and both the political processes and cooperative institutions have influenced each other over the past three decades and the political gains for the political parties and politico-coopera-

tive leadership are substantial. However, its economic costs are a reinforcement of the existing power structure and accentuation of the already existing economic inequalities among various agrarian classes in the countryside.

**APPENDIXES**



APPENDIX IAGRICULTURAL COOPERATIVES : A GENERAL INFORMATIONAgricultural Cooperative Society:

- means a society which has its principal object of improving the material conditions of all its members who are (all or a majority) agriculturists.

Agricultural Cooperatives in rural areas basically render three services:

- (i) providing credit for raising crops, for improving land and for developing agriculture and marketing, finance to build retention power among the farming community to sell their produce at appropriate time;
- (ii) supplying various agricultural inputs like fertilisers, pesticides and essential consumer goods; and
- (iii) marketing agricultural produce including processing of commercial crops, eg. sugarcane, etc.

Agricultural cooperatives include Primary Agricultural Cooperative Societies (including Cooperative Rural Banks, Large Sized Cooperative Societies, Multipurpose Cooperative Societies), Farmers' Service Societies, Agricultural Development Banks, Marketing Societies, Processing Societies,

Land Colonization Societies, Lift Irrigation Societies, and Joint Farming Societies.

Agricultural Credit Society:

- means a society which has its principal object of the raising of funds to be lent to its members who are mostly agriculturists.

There are three main types of Primary Agricultural Credit Societies, in West Godavari:

- (i) Large sized Cooperative Society (LSCS);
- (ii) Cooperative Rural Bank (CRB); and
- (iii) Multipurpose Cooperative Society (MPCS)

The area of operation of LSCS and CRB is generally six villages and a population ranging between 15,000 to 20,000. while in the case of MPCS the area of operation is only one village with population ranging between 3000 to 5000.

Marketing Society:

- means a society which has its principal object the arranging for the marketing of the agricultural and other produce or products of its members or the undertaking of the distribution of commodities.

Processing Society:

- means a society which has its object of processing

the produce and other raw material of its members such as crushing, hulling, ginning, etc.

Society with Limited Liability

- means a society in which the liability of its members, in the event of its being wound up, is limited.

Society with Unlimited Liability

- means a society, the members of which are, in the event of its being wound up, jointly and severally liable for and in respect of all its obligations and to contribute to any deficit in the assets of the society.

APPENDIX II

**AGRICULTURAL COOPERATIVES FUNCTIONING DURING 1981-82 IN  
WEST GODAVARI**

S No.	TYPE OF INSTITUTION	No. OF INSTI-TUTIONS	LOCATION
1	2	3	4
1	District Cooperative Central Bank	1	Eluru
2	Primary Agricultural Development Banks	8	Kovvur, Penugonda, Narasapur, Tadepalligudem, Eluru, Chintalpudi, Jangareddygudem, Shimavaram
3	Primary (Cooperative) Agricultural Credit Societies	209	Village level
4	Large size Cooperative Societies	53	do
5	Cooperative Rural Banks	16	do
6	Farmers' Service Society	1	Bhimdole
7	District Cooperative Marketing Society	1	Eluru
8	Primary Cooperative Marketing Societies	9	Eluru, Bhimavaram, Chebrolu, Lankalakeru, Jangareddygudem, Nidadavolu, Penugonda, Tadepalligudem
9	Cooperative Sugar Factories	2	Poolapalli (Palkol) Surappagudem (Bhimdole)
10	Cooperative Rice Mills	9	Achanta, Bindole, Chinanidrakolanu, Kavitam, Lankalakeru, Malkimahammadpuram, Samisragudem Tadepalligudem, Pedapulleru

Source: Data collected during field work.

## APPENDIX III

## PROFILE OF POLITICO - COOPERATORS IN WEST GODAVARI : IMPORTANT POSITIONS HELD IN COOPERATIVES AND POLITICS

S No.	Name	Caste	Occupation	Class	Name of Cooperative	Post	Period	Party	Post	Period
1	2	3	4	5	6	7	8	9	10	11
1	Addepalli Setyanarayana Murthy	Vaisya	Agriculture and Business	Zam.	Palcos	Pre BOD	1955-56 1959-64 1957-58	INC	MLA	1955-66
2	Aalluri Bapineedu	Kamma	do	do	DCCB DCMS Kovvur PADB Kapavaram PACS	BOD BOD Pre BOD Pre	1955-57 1955-58 1967-74 N.K Since 1981	INC	MLA ZP Chairman, State Chamber of Panchayat Raj MLC Member PCC&DCC	1955-66 1959-64 1970-76 1969-71 1976
3	Bhogavilli Rayudu	Kamma	Agriculture	LL	Palcos	BOD	1966-69	INC	Peravali	Since 1966
4	Bhupatireju Vijaya Kumara Raju	Raju	do	LL	Palkoderu (PE) Bhimavaram ABB Palcos	BOD BOD BOD	1962-64 1963-64 1969-70	INC	Vissakodem P.S Pre MLA	since 1981 1967-78
5	Ch V.S.R.V.P Murthy Raju	Raju	do	Zam	Narasayana puram CMS DCMS	Pre BOD	N.K July '60 to March 1961	INC	MLA Member PCC, President DCC Minister	Since 1952 1970-74
6	Rama Jogaiyah	Kapu	Agri. and Movie production	LL	Doddipatla PACS Narasapur ABB	Pre BOD	1958-60 1963-66	INC	Z.P Chairman Narasapur P.S Pre MLA	1966-69 1959-64 1972-78
7	Dasari Perumallu	S.C.	Agri.	R.P	Palcos	BOD	1981	INC	MLA	1955-62
8	Gokaraju Rangaraju	Raju	Agri & Industry	LL	DCMS	BOD	1967-69	INC	Akiveedu PS Pre ZP Vice Chairman MLA	1959-64 1959-64 1962-66
9	Detla Balarema Raju	Raju	Agri.	LL	Palcos DCCB DCMS	VP BOD BOD	1959-64 1959-69 1958-60 & 1962-67	INC	MP	1962-71
						VP	1960-61			

1	2	3	4	5	6	7	8	9	10	11
10	Indukuri Ramakrishna Raju	Raju	Agri	LL	Palcos	Pre	1981	INC	Pre Pipara G P MLA	NK Since 1978
11	Javvadi Lakshmayya Naidu	Kapu	Agri and Business	Zam	Penugonda Local co-op Union Penugonda PCMS DCCB	Pre	1928-50	INC	MLA Member DCC	1955-62 1967-71
					DCMS	Pre	1935-49			
					DCCB	BOD	1946-52			
						Pre	1952-60			
					DCMS	VP	1952-60			
						BOD	1962-67			
					Palcole Sugars	VP	1955-59			
						BOD	1960-64			
							1966-69			
12	Javvadi Sri Ranga naikulu	do	do	LL	Penugonda PCMS Penugonda LSCS Palcole	Pre	1950-70	INC		
					DCCB	BOD	N.K.			
						BOD	1972-75			
						Pre	1982			
13	Kantipudu Appa Rao	Kamma	Agri	RP	Mortha PACS Palcole Sugars	Pre	1960-74	INC	Mortha G.P Pre 1964-70 Peravali PS VP	N.K
						BOD	1969-72			
						VP	1972-75			
14	Kalidindi Vijaya Kumara Raju	Raju	Agri and Business	LL	Palcole Sugars DCCB	Pre	1966-69	INC	Vissakoderu PS	Pre 1959-64 DCC Pre 1959-65 MLA Since 1967
						BOD	1969-72			
						BOD	1975-78			
15	Konda Sri Hari Kumar Raju	do	do	RR	Gundulolu nu LSCS	Pre	1962-74	INC	Gundugolanu G.P Pre	1964-74
16	Kommareddy Surya narayana	Kamma	Agri	LL	DCMS	Pre	1952-June '60; & March 1961-1966	MP INC	MP (Rajya Sabha) MP (Lok Sabha)	1952-58 1967-80
						BOD	1949-51 1967-74			
					West Godavari Coop Sugars Modern Rice Mills	Pre	1972-75			
						Pre	1979-82			
17	Kantamani Srinivasa Rao	do	Agri	RP	West Godavari Sugars	BOD	1975-80	INC	Nalljerla PS VI Pre	1964-67 1968-80
						Pre	1981			
18	Maganti Seetharama Das	do	do	LL	Eluru ADB	Treasurer Pre	1975-80 Since 1948	INC	Dt. Board Member Pre	1938-48 1949

1	2	3	4	5	6	7	8	9	10	11
18 contn.					AP Central ADB	BOD VP	1969-72 1960-63	INC	Chief Whip Congress MLC Madras	1952-58
					State Coop Union	BOD	1970		Member DCC, PCC	
19	Mullapudi Harish- chandra Prasad	Kamma	Agri. and Indus- try	Zam	Tanuku CMS	Pre	1947-72	INC	MLC MLA Tanuku Municipal Chairman	1952-54 1955-56 1981
20	Nekkanti Venkata Janardhana Rao	Kamma	Agri	LL	Palcol Sugars	VP	1966-68 1969-72	INC	Nadipudi GP Pre Achanta PS Pre MLC	N.K. 1959-64 1972-78
21	Nidadavolu Mrutyunja Rao	do	Agri & Indus- try	do	Tanuku CMS	BOD	1960-72	INC	Paravali PS Pre DCC(I) Pre	1964-76 1978-81
22	Sali Venkata Rao	SC	Teach- ing & Agri	SMF	DCCB	Pre	1975-78	INC	MLA	1972-78
23	Tammineedu Subbha Rao	Kamma	Agri	SMF	Achanta CRB	VP	1968-70	CPI	Achanta GP Pre	1971-81
24	Veeramachanchi Venkatanarayana	Kamma	Agri	LL	Eluru ADB	Treasurer	NK	INC	DCC Pre	1948
					Coop House Bldg. So- ciety AP Coop Mktg So- ciety DCMS	Pre BOD Pre	NK NK Jul '60 Mar '61		ZP Member	1964-74
25	Velcheti Satya- narayana	do	do	SMF	Achanta CRB	VP	1971-77	CPI	Achanta GP Pre	1960-70
26	V.V.R. Partha- sarathy	Kapu	Agri and Busi- ness	LL	DCCB DCMS Mo Modern Rice Mill Pulla CRB	BOD Pre BOD VP VP Pre	1961-67 1968-74 1962-65 & 1967-69 1965-66 1979-82 N.K.	INC	MLC	1982
27	Yelavarthi Narayana Rao Choudhary	Kamma	Agri & Indus- try	LL	Tanuku CMS DCMS	Pre Pre	1972-78 & 1981 1982	INC	Tanuku Municipal Councillor	1981

Abbreviations: Agri: Agriculture; Zam: Zaminder; L.L: Landlords; R.P: Rich Peasants; SMF Small & Marginal Farmer; GP: Gram Panchayat; PS: Panchayat Samiti; ZP: Zila Parishad; NK: Not Known

**Area, yield rate and production trends of rice in  
West Godavari District since inception of I. A. D. P.**

Year	Area in lakhs of hectares	Yield rate of rice in quintals per hec.	% increase or decrease in yield rate over baseline	Production in lakhs of metris tonnes	% increase of produc- tion over baseline
Pre package 65-67	3.54	13.3	—	4.63	—
61-62	3.76	16.5	25	5.68	22
62-63	3.81	14.8	12	5.23	13
63-64	3.67	16.6	26	5.73	24
64-65	3.88	16.3	23	6.19	34
65-66	3.66	16.4	24	6.00	29
5 years average before introducti of high yielding varieties base-line-II	3.75	16.1	21	5.76	24
66-67	3.67	16.4	24	5.76	24
67-68	3.77	17.7	33	6.64	43
68-69	3.55	18.9	42	6.26	35
69-70	3.73	15.2	14	5.74	24
70-71	3.84	17.2	30	6.59	42
71-72	3.49	19.2	46	6.71	45
72-73	3.42	19.9	51	6.85	48
73-74	3.90	20.3	53	7.51	62
74-75	3.99	22.1	66	8.83	91
75-76	4.18	20.9	57	8.74	89

Source: Ten Years of HYV Programme & 15 Years of IADP,  
West Godavari District, Agricultural Information  
Unit, IADP, Eluru, p. 5, (1977)



APPENDIX VVOTING TRENDS IN WEST GODAVARI (ASSEMBLY ELECTIONS 1952-1978)

S No.	Party	Contes ted	Won	Deposit Lost	Percentage of valid votes polled
1	2	3	4	5	6

1952 ELECTIONS

1	KMPP	12	5	2	31.2
2	CPI	8	5	1	28.7
3	INC	12	2	0	25.5
4	SP	5	0	4	2.6
5	SCF	2	0	1	2.5
6	Indepen- dents (21)	10	0	19	9.5

1955 ELECTIONS

1	INC	16	16	0	54.7
2	CPI	16	0	0	41.1
3	PSP	2	0	2	0.5
4	Ind (11)	9	0	10	3.7

1962 ELECTIONS

1	INC	16	10	0	49.1
2	CPI	9	5	0	25.3
3	SWA	9	0	8	3.5

/table continued..../

Appendix contn...

1	2	3	4	5	6
4	RPI	3	0	3	0.4
5	JS	2	0	2	0.3
6	SP	2	0	2	0.2
7	Ind (15)	12	1	8	21.2
<u>1967 ELECTIONS</u>					
1	INC	16	10	0	46.9
2	CPI (M)	9	2	3	13.6
3	CPI	8	0	4	9.4
4	SWA	3	0	3	0.6
5	RPI	2	0	2	0.4
6	BJS	1	0	1	0.3
7	Ind (28)	15	4	19	28.8
<u>1972 ELECTIONS</u>					
1	INC (J)	16	10*	9	51.1
2	CPI	3	1	3	6.9
3	CPI (M)	3	0	1	6.5
4	BJS	2	0	1	1.2
5	RPI	2	0	2	0.5
6	SPO	1	0	1	0.1
7	NCO	2	0	2	0.2
8	Ind (28)	10	5	18	33.5

/Appendix contn./

1	2	3	4	5	6
<b>1978 ELECTIONS</b>					
1	INC (I)	16	16	0	48.03
2	INC (Reddy)	14	0	7	17.78
3	Janata	14	10	2	25.10
4	CPI	2	0	1	3.16
5	CPI (M)	2	0	0	3.14
6	RPI (Khobragade)	2	0	2	0.15
7	Ind (33)	16	0	33	2.60

\* Two of them uncontested.

Figures in brackets indicate the number of independents contested for ... number of seats.

INC	Indian National Congress
KMPP	Kisan Mazdoor Praja Party
CPI	Communist Party of India
CPI (M)	Communist Party of India (Marxist)
BJS	Bharatiya Jansangh
SWA	Swatantra
SP	Socialist Party
RPI	Republican Party of India
SCF	Scheduled Caste Federation
Ind	Independents

APPENDIX VI

DETAILS OF POLLS HELD IN OCTOBER 1981 (RESERVATIONS SOCIETIES) FOR PACS,  
LSCSs CRBs

S No.	Type of Society	<u>Eluru Division</u>			<u>Bhimavaram Division</u>			<u>Kovvur Division</u>			<u>Total</u>		
		In	Un	Con	In	Un	Con	In	Un	Con	In	Un	Con
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	PACS	34	22	12	54	42	12	115	76	39	203	139	63
2	CRB	3	2	1	9	8	1	4	2	2	16	12	4
3	LSCS	36	27	9	6	4	2	11	7	4	53	38	15
		73	51	22	69	54	15	130	85	45	272	189	82

Abbreviation: In - Initiated  
Un - Uncontested  
Con - Contested

Source: Data collected during field work.

APPENDIX VII

DETAILS OF POLLS HELD BETWEEN OCTOBER 1981 AND MARCH 1982  
FOR PACS, LSCS, CRB, PADB, PCMS AND SUGAR CO-OPERATIVES

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S No.	Type of Society	Initiated	Uncontested	Contested
1	PACS	203	139	63
2	CRB	16	12	4
3	LSCS	53	38	15
4	PADB	8	2	6
5	PCMS	9*	8	0
6	Sugar Coops	2	-	2
7	DCMS	1	1	-
8	DCCB	1	-	1

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\* Nominations were not received in Jangareddy Gudem (PCMS) as it was in a dormant stage.

Source: Data collected during field work

APPENDIX VIIICANE PRICE, COST OF CULTIVATION YIELD PER ACRE : COST-  
BENEFIT ANALYSIS OF SUGARCANE PRODUCTION IN WEST GODAVARI

S No.	Y e a r s	Cane Price Paid Per Tonne (in Rs)	Cost of Cultivation/Yield per acre (in Rs/in tonnes)	
			On Small Farms	On Big Farms
1	1969-70	73.30	57.00/30	52.00/35
2	1969-72	80.00	67.00/30	62.00/35
3	1972-75	96.90	79.00/30	74.00/35

Source: Data collected During Field Work

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