CHAPTER I

INTRODUCTION
INTRODUCTION

India is a welfare state committed to growth with social justice. Accordingly, eradication of poverty and raising the standard of living of the weaker sections of the population have been the most important objectives of India’s economic planning.

A section of India’s population has been classified under the category called tribes. A popular term for the tribals in the country is ‘Adivasi’ meaning the original inhabitants.

Scheduled Tribes

The term ‘Scheduled Tribes’ (STs) first appeared in the Constitution of India. Article 366 (25) of the Constitution defines Scheduled Tribes as “such tribes or tribal communities or parts of or groups within such tribes or tribal communities as are deemed under Article 342 to be Scheduled Tribes for the purposes of this Constitution”. Empowered by Clause (1) of Article 342, the President of India will notify the list of Scheduled Tribes in the States and Union Territories. These orders can be modified subsequently only through an Act of Parliament. There are over 500 tribes (with many communities listed in more than one state) as notified under Article 342 of the
Constitution of India. As per the Scheduled Castes and Scheduled Tribes Orders (Amendment) Act, 2002 (Act 10 of 2003), the list of STs in Kerala consists of 36 communities. Their population as per 2001 census was 364189 which constituted 1.14 per cent of the total population of Kerala State.

The Scheduled Tribes wherever they live, are faced with many and diverse problems, which are of social, economic, political and educational in nature. Because of acute poverty, the tribals had been victims of exploitation by powerful classes like money-lenders, traders, landlords, labour contractors and officials.

The population of STs in India as per 2001 census was 84.51 million constituting 8.14 per cent of the total population. The tribal population had grown at the rate of 21.03 during the period 1991-2001. “Tribals form the very segment of the weaker sections of the society with their traditional skills and resources. They are the most vulnerable section of the population and they are exploited by the most age-old social and cultural handicaps coupled with environmental factors”. In order to protect the interests of these people who suffered from all sorts of discrimination, the Constitution of India provided special concessions to enable them to catch up with the rest of the Indians in the process of development.
Article 46 of the Constitution of India lays down, as a Directive Principle of State Policy that the state shall promote, with special care the educational and economic interests of the weaker sections of people, and, in particular, of the Scheduled Castes and Scheduled Tribes, and shall protect them from social injustice and all forms of exploitation. In accordance with this directive principle, various schemes have been undertaken in all the five year plans for bringing the weaker sections to the level of the rest of the community.

Co-operatives

Co-operatives are voluntary associations of people for their common economic and social progress.

“A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise” (International Co-operative Alliance).

Indian Co-operative Movement

The Indian Co-operative Movement has completed more than a century of its services to the nation. Starting with a limited spectrum of rural credit dispensation in 1904, the co-operative sector of India has become the largest in the world with more than 5.45 lakh societies of
various types and with a membership of more than 23.62 crore as on 31st March, 2002. It has cent per cent coverage of the villages in India.

**Co-operative Movement in Kerala**

In Kerala the co-operative movement has spread its wings in almost all walks of life. As on 31st March, 2004 there were 12457 co-operatives under the Registrar of Co-operative Societies and 9342 co-operatives under other Functional Registrars. The growth and spread of co-operatives in different sectors were nurtured under development plans with government initiative and government finance. The government support has its negative aspects also.

**Tribals and Co-operatives**

The tribals in India had been suffering too much due to their exploitation by the professional money-lenders, private traders and forest contactors. In order to save the tribals from the age old exploitation, many committees and commissions recommended the co-operativisation of tribal economy. It was expected that the co-operatives would be able to bring about radical changes in the socio-economic condition of the tribal population.

The Kaka Kalelkar Commission (1955), recommended that in order to save the backward class people from the exploitation of
money-lenders and mandi-merchants it was necessary to establish co-operative marketing societies.

The Study Team on Social Welfare and Welfare of Backward Classes (Renuka Ray Commission) recommended that commercial exploitation of forests should be entrusted to Forest Labour Co-operatives rather than to contractors and the operation profits to be utilised for tribal welfare.

The Committee on Special Multipurpose Tribal Blocks (Verrier Elwin Committee, 1960), made the following recommendations: “The tribal must have a direct share in the profits of the forest. For this, really remunerative coups should be reserved for allotment to Tribal Co-operative Societies on a fixed upset price which should be calculated so as to allow a substantial margin of profit. The Co-operative Society should be confined to tribals and no outsider should be permitted to become a member.”

The Dhebar Commission (1961), recommended that the marketing of produce and supply of the tribal people’s requirements at reasonable prices should receive special attention through co-operatives. The Commission also recommended that every village should be served by a co-operative society with at least one person from each family as a member.
The Special Working Group on Co-operation for Backward Classes observed “for the small man, be he a tribal or a member of the Scheduled Caste (SC), who is unorganised and dispersed, co-operative form of organisation provides opportunities for getting the benefits of large scale operation and management without curtailing individual freedom. The pace of economic rehabilitation of backward classes can be made more rapid and sustained through co-operatives.”

The Adhoc Committee on Export of Minor Forest Products (Hari Singh Committee, 1967), made the recommendation that co-operatives should be established for collection and grading of myrobalans in the raw form and for export to foreign countries.

The Report of the National Commission on Labour (1969), suggested “Forest Labour Co-operative Societies through which workers are trained and equipped to organise themselves should be encouraged and streamlined. In any case they should be kept away from the influence of contractors.”

Following the recommendations of the Dhebar Commission in the early 1960s, co-operative societies exclusively for members of the Scheduled Tribes were established in different parts of India. The standard pattern was to establish primary multipurpose societies with a great deal of freedom to innovate in response to the specific situation of
the tribal community concerned. Later in 1973, K.S. Bawa Committee recommended the organisation of Large Size Multipurpose Societies in tribal areas. Accordingly, large size multipurpose societies came into existence in different states in India. In Kerala, because of the dispersed character of the small tribal communities it was not suitable to form many such LAMPS. The Federation of SC/ST societies is now considered the LAMPS in Kerala.

Co-operative societies for the depressed and backward communities were functioning in the old Travancore-Cochin State. Multipurpose Co-operatives exclusively for the tribals were started in Kerala in 1960s. Since these societies were not refinanced by the Reserve Bank of India (RBI), the High Level Committee on Co-operative Credit in Kerala recommended the restructuring of the societies on the lines of service co-operatives. At present ST Co-operative Societies are functioning in all the fourteen districts in Kerala.

**Statement of the Problem**

Co-operation is a mode of human behaviour. It exists in both formal and non-formal forms in all societies and communities all over the world. According to Calvert, a co-operative society is “a form of organisation wherein the persons voluntarily associate together as
human beings on a basis of equality, for the promotion of economic interests of themselves”.

The theory of co-operation is that an isolated and powerless individual can by association with others and by moral development and mutual support obtain in his own degree the material advantages available to the wealthy persons and thereby develop himself to the fullest extent of his natural abilities. The Report of the Committee on Co-operation in India, published by the then Government of India in 1915, stated that the theory underlying co-operation is that weak individuals are enabled to improve their individual productive capacity and consequently their material and moral position by combining among themselves and bringing into this combination a moral effort and a progressively developing realisation of moral obligation.

A Scheduled Tribe Co-operative Society comes into existence when members of ST communities join hands on the basis of the principles of co-operation and carry on some economic activity. Both the Central and State governments provide financial and non-financial assistances to these societies. Therefore, it is expected that the ST Co-operative Societies will achieve their objectives easily.

But contrary to the general expectation, the ST Co-operative Societies in Kerala have not been functioning effectively. Some of them
are totally dormant. The present study is an inquiry into the performance, problems and prospects of Scheduled Tribe Co-operatives in Wayanad District.

**Selection of the Study Area**

The Wayanad District is purposefully selected on account of the following reasons.

1. Among the 14 districts in Kerala, Wayanad District has the highest percentage of ST population (37.36 as per 2001 census).
2. Maximum number of ST Co-operatives are registered in Wayanad District.
3. The Integrated Co-operative Development Project (ICDP) was first implemented in Wayanad District and many tribal societies received financial and other assistance under the project.

Therefore, it was thought that a study of the working of the ST Co-operatives in the backward district of Wayanad would be useful in many ways.

**Objectives of the Study**

A Co-operative organisation has some special features. It is not a mere association, instead it is both an institution and an enterprise. An institution is a social system organised around certain values.
According to Seetharaman and Mohanan (1986), these values include member prosperity, member growth, member participation, self-regulation and leadership development. The institutional half of a co-operative is mainly concerned with achieving the socio-economic improvement of the members.

The enterprise aspect of a co-operative gives importance to the economic and business functions of co-operation. All enterprise values like profitability, expansion, diversification and organisational development that are applicable to ordinary business organisations are also applicable to a co-operative organisation. A co-operative, like any other organisation should also aim at profitability, expansion and diversification so that it can confer more benefits to its members.

A co-operative is said to be a success only when it achieves success in both enterprise as well as institutional aspects. As such, the present study is conducted with the following objectives.

2. To examine whether the ST Co-operative societies functioning in Wayanad District have achieved their institutional objectives.

1. To examine whether the ST Co-operative societies functioning in Wayanad District have achieved their enterprise objectives.

3. To identify the problems faced by the ST Co-operative societies functioning in Wayanad District.
4. To suggest measures for improving the performance of ST Co-operative societies in Wayanad District.

Hypothesis

1. The ST co-operative societies functioning in Wayanad District could not achieve their institutional and enterprise objectives.

Working Definitions

1. Participating member

A participating member is a tribal member in any Scheduled Tribe Co-operative Society selected for the present study who participated in the activities of the society during the period of the study.

2. Nominal member

A nominal member is a tribal member in any Scheduled Tribe Co-operative Society selected for the present study who did not participate in the activities of the society during the period of the study.

Methodology

The study is both analytical and descriptive in nature. It is based on both primary and secondary data.

A two-way approach is employed for evaluating the overall performance of ST Co-operative Societies in Wayanad District. The
success or failure of a co-operative organisation can be determined only by evaluating its achievements in both the aspects of co-operative performance- institutional and enterprise.

The success of ST Co-operatives in the institutional aspect is evaluated by analysing the socio-economic benefits enjoyed by the members. The success or failure in the enterprise aspect is evaluated by analysing the profitability, financial health and diversification of the co-operative. For this, data were obtained from the financial statements of the societies selected for detailed study. Discussions with government officials, Presidents and Secretaries of various ST co-operative societies were also made as part of the study.

**Measurement of impact**

In social science research, for identifying and attributing the impact of a development programme, the two approaches commonly applied are

1. Before and After approach, and

2. With or Without approach

In the ‘Before and After approach’ the impact of a particular phenomenon is studied by comparing the same set of sample population
at two points of time i.e., Before the application of the stimulus and After its application.

With or without approach refers to the method of knowing the impact of a particular phenomenon by comparing one set of sample in which the stimulus is applied with another set of sample in which the stimulus is not applied at a particular point of time.

The Before and After approach is not used in the present study because of considerable data gap. Almost all the tribal members are not in the habit of keeping any record of their income, expense, assets and liabilities. Hence it is very difficult to get complete and reliable information relating to previous years by the ‘Recall method’. Therefore, the study is mainly based on ‘With or Without Approach’.

Selection of Societies

First of all, the researcher collected the list of exclusive ST Co-operatives registered in Wayanad District up to 31.3.2004. Since the administrative control of ST Co-operatives is vested with different authorities, the lists of societies were also to be collected from different departments. After conducting a preliminary field visit in the study area, and also on the basis of the discussions with various officials and local people in the area, the researcher understood that the data source available was very limited. No reliable data was available with many
defunct societies. Since the accounts and records were not available with the defunct societies, the Department of Co-operation put such societies under a separate category – RNA (Records Not Available). Hence the researcher decided to select all ST Co-operatives which had been functioning in the Wayanad District for a minimum period of 5 years. There were 12 such societies and it was decided to select all the 12 societies for detailed study. However, some informal discussions were made with some of the office bearers and members of defunct societies. Such discussions helped the researcher in cross checking the data and identifying some problems faced by the societies.

Three farming societies started under separate development schemes for the rehabilitation of bonded labourers were not been considered in the study because of the following reasons:

1. Such societies were meant for the rehabilitation of bonded labourers only.

2. In some such societies, few persons belonging to SCs were also given membership.

3. Majority of the Directors and the Chief Executives were appointed by the government. So the constitution and management of such societies were quite different from that of other ST co-operative societies.
Lastly, the government, recently decided to liquidate the societies and distribute the land to the landless tribals. Because of these reasons, such societies were not included in the purview of the present study.

Selection of Sample Tribal Members

The present study, as stated earlier adopted a two-way approach to evaluate the performance of ST Co-operative Societies in the study area. The institutional aspect of the performance of the societies was evaluated by studying the socio-economic condition of the tribal members who participated in the activities of the societies selected for the study.

On verification of the membership registers of the Twelve societies selected for detailed study, and also on the basis of the discussions held with the Secretaries and Presidents of various societies, the researcher realised that all the members whose names appeared in the Register of members, were not participating in the societies’ activities. Many of them were not even aware of their membership in the societies. Hence, for studying the impact of ST Co-operative Societies, it was decided to make a comparison between the socio-economic condition of the participating and nominal members. The group consisting of participating members was construed as
experimental group and the other group consisting of nominal members was construed as control group.

The lists of participating and nominal members in each society were collected from the secretaries of the societies concerned. From the list of participating members, 30 per cent were selected at random from each society. Equal number of nominal members was also selected at random from each society to constitute the sample. Thus a total of 380 participating members and another 380 nominal members constituted the sample of tribal members for the study. The details of sample selection from each society are given in Table 1.1.
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Society</th>
<th>No. of Participating members</th>
<th>Total</th>
<th>Selected</th>
<th>No. of Nominal members selected</th>
<th>Total No. of members selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sulthan Bathery Scheduled Tribe Service Co-operative Society</td>
<td>262</td>
<td>79</td>
<td>79</td>
<td>158</td>
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<td>2.</td>
<td>Pulpally Scheduled Tribe Service Co-operative Society</td>
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<td>46</td>
<td>92</td>
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<td>3.</td>
<td>Kalpetta Scheduled Tribe Service Co-operative Society</td>
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<td>12</td>
<td>24</td>
<td></td>
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<td>4.</td>
<td>Thirunelly Scheduled Tribe Service Co-operative Society</td>
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<td>61</td>
<td>61</td>
<td>122</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Panamaram Scheduled Tribe Service Co-operative Society</td>
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<td>18</td>
<td>36</td>
<td></td>
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<tr>
<td>6.</td>
<td>Meppadi Scheduled Tribe Service Co-operative Society</td>
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<td>63</td>
<td>63</td>
<td>126</td>
<td></td>
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<td>7.</td>
<td>Thavinhal Scheduled Tribe Service Co-operative Society</td>
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<td>51</td>
<td>51</td>
<td>102</td>
<td></td>
</tr>
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<td>8.</td>
<td>Makkutty Girijan Brick Workers’ Industrial Co-operative Society</td>
<td>40</td>
<td>12</td>
<td>12</td>
<td>24</td>
<td></td>
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<td>9.</td>
<td>Wayanad Adivasi Women Industrial Co-op. Society</td>
<td>33</td>
<td>10</td>
<td>10</td>
<td>20</td>
<td></td>
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<tr>
<td>10.</td>
<td>Thrissilery Adivasi Handloom Weavers’ Industrial Co-operative Society</td>
<td>35</td>
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<td>11</td>
<td>22</td>
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<td>11.</td>
<td>Kottathara Adivasi Brick Workers’ Industrial Co-operative Society</td>
<td>37</td>
<td>11</td>
<td>11</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Vythiri Taluk Adivasi Vanitha Karakausala Industrial Co-operative Society</td>
<td>21</td>
<td>6</td>
<td>6</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>1266</strong></td>
<td><strong>380</strong></td>
<td><strong>380</strong></td>
<td><strong>760</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Field Survey*
Data Collection

The study is based on both primary and secondary data. Primary data were collected from 380 participating and 380 nominal members of the 12 ST Co-operative Societies functioning in Wayanad District. Two structured schedules were used for data collection— one for the tribal members and the other for the 12 societies. Data from the 760 ST members were collected through the following procedure.

The addresses of the members were obtained from the records of the 12 ST Co-operative Societies selected for the study. A structured interview schedule was prepared after consulting two experts on co-operation. The schedules were finalised after pilot survey.

Since most of the tribals lived in remote villages, and also because of illiteracy and low level of education of the tribal members, the researcher went to their residences and collected the required information. Before asking for information, a rapport was established with the respondents and the purpose of the survey was clearly explained to them. Then the researcher asked them questions in the local language and marked the information in the schedules. The data so collected were crosschecked on the basis of discussions with tribal leaders who keep close contacts with the local people. Tribal Extension Officers were also contacted for the purpose. Participatory observation was also adopted in some cases.
Secondary Data Sources

The secondary data sources for the study are:

1. Registrar of Co-operative Societies, Thiruvananthapuram.
2. Directorate of Industries and Commerce, Thiruvananthapuram.
12. Institute of Co-operative Management, Thiruvananthapuram.
14. Regional Institute of Co-operative Management, Bangalore.
Data Analysis

The data collected for the purpose of the study were analysed with the help of the statistical package “Statistica”- version 5.0. The tools used for analysis are:

1. Percentage Analysis
2. Accounting Ratios
3. Growth rates - both simple and compound.
   
   Compound Growth Rate – The formula used is
   
   \[ CGR = \left( \frac{P_n}{\sqrt[n]{P_0}} - 1 \right) \times 100 \]
   
   Where
   
   \( n \) = Number of years
   
   \( P_n \) = Variable at the end of the period
   
   \( P_0 \) = Variable at the beginning

4. Chi-square Test of Significance (at 5% level)

   \[ \chi^2 = \sum \frac{(O - E)^2}{E} \]

   Where
   
   \( O \) = Observed frequencies
   
   \( E \) = Expected frequencies

5. ANOVA
Period of Study

Because of the extremely poor system of account keeping by the ST Co-operatives, the period of the study was fixed as 6 years – from 1st April, 1998 to 31st March, 2004.

Limitations of the Study

The present study on the performance of ST Co-operatives in Wayanad District is a micro level study mainly based on the data collected from twelve ST co-operative societies in Wayanad District and 760 tribal members. About 18 per cent of the tribal members interviewed were illiterate and another 71 per cent had only primary education. The poor tribals are not in the habit of maintaining accounts of their income, expense, assets and liabilities. Hence, the researcher took maximum care in obtaining correct data. The data were collected at the residence of the tribals. Crosschecking was also carried out seriously. Inspite of all these, cent per cent accuracy cannot be claimed.

Due to the non-availability of reliable data in the tribal co-operative societies the study could cover a period of only six years from 1998-99 to 2003-04. Wherever audited statements were not available, the researcher had to depend on the unaudited financial statements.
Lastly, a community wise analysis has not been made in the study. Irrespective of the community, the tribal members were treated as one group called Scheduled Tribes. The researcher thought that a community based evaluation of ST Co-operatives could be conducted effectively by Sociologists and Anthropologists.

**Plan of the Thesis**

The Thesis is organised under six chapters.

The first Chapter introduces the topic and explains the meaning of Scheduled Tribes. It also states the need for establishing tribal co-operatives. Statement of the problem, objectives of the study, hypothesis, working definitions, methodology, limitations of the study and plan of the thesis are also included in this chapter.

The second chapter presents a review of related literature.

The third chapter gives a profile of the study area and select Scheduled Tribe Co-operative Societies.

The fourth chapter is devoted for analysing the institutional performance of Scheduled Tribe Co-operative Societies in Wayanad District.
The fifth chapter analyses the enterprise aspect of the performance of Scheduled Tribe Co-operative Societies in Wayanad District.

The sixth chapter deals with the findings and suggestions of the study.