Chapter 14

CONCLUSIONS : FINDINGS AND SUGGESTIONS

In the foregoing chapters, different types of Agricultural Processing Co-operatives including the economic background of the State, the growth of co-operative movement in general and that of processing co-operatives in particular, and the working of the specific Agricultural Processing Co-operatives have been discussed from different points of view. It is now intended to summarise the discussions and underline the findings along with certain suggestions made earlier in each preceding chapter at appropriate places.

Chapter 1:

Nature has endowed Assam with plenty of economic resources. But since these have not been tapped properly, Assam is still lagging behind economically. The economy of Assam is predominantly agricultural, 55.86 per cent of the people in the State being cultivators as per 1971 Census. Of the total cropped area from 1970-71 to 1974-75, 79.4 per cent is under the principal agricultural crops. In 1970-71, agriculture contributed 57.4 per cent to the State's economy and in 1974-75 about 59.4 per cent of the State's income came from agriculture alone. Agriculture is the main source of the supply of raw-materials to various industries based on agriculture. Agricultural commodity requires processing but, since these processes are manipulated by middlemen, the
agriculturists do not get the actual worth for their product. This exploitation can be eliminated if the farmers start processing their goods by themselves. But then with their limited resources farmers can hardly be expected to process their goods individually. This is possible only if they do it on a co-operative basis. In Maharashtra farmers have been successful in forming co-operatives for the development of Sugar industry. The All India Rural Credit Survey Committee also stressed the need for promoting co-operative processing. Co-operative Processing is an indispensable part of co-operative Marketing, particularly in regard to cash-crops. Linking of co-operative credit to processing is also equally important. Besides, co-operative processing can effectively ensure the recovery of loans provided by co-operative credit institutions. Co-operative Processing units have proved to be an effective instrument of socio-economic changes in areas in which they are located. With these significant considerations in view, this study of Agricultural Processing Co-operatives in Assam has been taken up covering such processing units as Sugar Mills, Jute Mills, Khansari unit, Cotton Ginning Mills, Fruit-processing unit, Rice Mills, Oil Mills and a Solvent Extraction Plant based on rice bran.

Chapter 2:

Assam is an important State in the North-Eastern region of India. It represents 2.67 per cent of the total population and 2.39 per cent of the total area of the country.
as a whole. It comprises 8 plain districts and 2 hill districts.
The State also occupies a strategically important position
because of its geo-political situation. Of the total population
of the State on the basis of 1971 Census, 53 per cent are male
and 47 per cent are female. In terms of population it ranks
13th among the States and Union Territories. The density of
population is 186 per acre as against 177 in India as a whole.
Out of the total population of the State, 91.18 per cent are
in the urban areas. The percentage of literacy is 28.15 as
against 29.45 for the whole country. Workers constitute 27.37
per cent of the total population of the State. Of the total
number of workers, 55.86 per cent are cultivators, 9.92 per
cent are agricultural labourers. Thus agriculture accounts for
65.78 per cent of the workers in Assam. The climate of Assam
is characterised by coolness and extreme humidity.

Agriculture alone accounted for 50 per cent of the
total domestic products of the State during 1977-78.

Of the total cropped area, 0.85 per cent are under
Principal crops in Assam. The average total production in
1970-75 was 2029.2 thousand tonnes in rice, 134.7 thousand
tonnes in sugarcane, 968.6 thousand bales in jute, 67.8
thousand tonnes in rape and mustard seeds, 5.7 thousand tonnes
in sesamum, 1.6 thousand tonnes in cotton and 39.2 thousand
bales of mesta.

As per 1971 Census, the total population of the State
being 146 lakhs and the area of land being 78 lakh hectares,
the per capita area of land has been reduced to 0.3 hectares only. Thus the pressure of population on land in Assam can hardly be reduced unless alternative avocations to agriculture are found for the people now engaged in agriculture. Frequent occurrences of flood constitute the main hurdle for agricultural development in the State and the irrigation facilities provided are not at all adequate for the development of agriculture.

Assam, inspite of being richly endowed with natural resources, is industrially backward. Although some industries have been commissioned in the State, these industries have very little impact on the employment of rural and agricultural surplus labour of the State. But agriculture proper is still playing a key role in the economy of the State. In terms of percentage, its contribution to the State economy at current prices was 59.4 per cent and at constant prices 57.4 per cent in 1974-75. But the vast majority of the weaker sections of the rural people in the State have not benefited much by planned programmes. So the key to the solution of the problem of unemployment, small holdings, low yields lies in the promotion of co-operative production of farmers, viz., Agricultural Processing Co-operatives. These can be located close to the sources of raw-materials. Co-operative Processing Industry has demonstrated its superiority not only as an upholder of farmer's interest but also as an instrument of developing social culture.
Chapter 5:

The National Co-operative Policy, 1977 set out the directives and approach for a decentralised labour-intensive and rural-oriented economic development through co-operatives and the approach to the co-operative development itself. In the context of structure, coverage and functions of the co-operatives in the State, and also for a meaningful appraisal of the same, it is considered necessary to review the historical development of the co-operatives in the State. The Co-operative Credit Societies Act, 1904 (Government of India gave importance to development of rural credit societies rather than urban credit societies. But these societies suffered from improper supervision. The Act of 1904 did not provide for organising central and non-credit societies to finance and supervise the credit societies. The Co-operative Societies Act 1912 divided Primary societies into agricultural and non-agricultural and, as a result, the Assam Provincial Co-operative Bank, subsequently the Assam Co-operative Apex Bank, came into being. During the period 1918-1928, the co-operative movement could not bring sufficient number of rural families within the fold of co-operatives. During 1929-39, the co-operative movement in Assam was on the verge of collapse due to inefficient management, low deposits, overdues, lack of supervision, lending for unproductive purposes, decontrol, etc. During 1940-50, a new type of co-operatives known as trading co-operatives was introduced as a part of rural development programme. Trading co-operatives were organised just to
distribute controlled commodities. But with the withdrawal of control trading co-operatives also collapsed.

With the adoption of planning, co-operative movement assumed a new dimension. It was accepted as an indispensable instrument of planned economic action in a democracy. During the plan period, Reserve Bank of India gave financial help to the co-operatives on the guarantee of the State government. During the Second Five Year Plan period co-operative movement was organised on the line of the recommendations of the All India Rural Credit Survey Committee for State participation, provision of institutional credit formation of larger sized co-operative societies and formation of multipurpose co-operative societies. During this period, the growth of Primary societies was striking. The growth of non-credit societies was more or less the same. Prior to 1973, the Reserve Bank of India, advised the Assam Co-operative Apex Bank to formulate a 'Master Plan' under which Krishi Sahayak Samabai Samity would have been formed. But the State government prepared an altogether new scheme to organise Gaon Panchayat Level Samabai Samities enrolling about 3000 families. Thus Gaon Panchayat Level Samabai Samities were financed by the Assam Co-operative Apex Bank and the Nationalised Commercial Banks. Under this scheme, all co-operative Central Banks, except the Sibsagar Co-operative Central Bank, were amalgamated with the Assam Co-operative Apex Bank. These Gaon Panchayat Level Societies were functioning through marketing societies. And the marketing societies which had processing business, were
converted into processing co-operatives. The Assam State Cooperative Marketing Society was reorganised as the STATCO. The co-operatives should be allowed to function independently without any interference by the government. The government should help the societies with resources whenever necessary while co-operative education should be imparted to all members.

Chapter 4:

Agricultural Processing Co-operatives in India started practically after the introduction of planning. The main objective of establishing processing co-operatives is to provide the major benefits of the processed products to the cultivators. The establishment of a network of processing co-operatives in the State opened up a new era in the co-operative movement in the State. The main co-operative processing units established in the State are the Sugar Mills, Jute Mills, Khansari units, Fruit-processing unit, Cotton Ginning Mills, Rice Mills, Oil Mills and the Solvent Extraction Plant, etc. Agricultural Processing Co-operatives are an integral part of marketing particularly in regard to cash crops. Large processing units held by private enterprises are often in a position to dictate terms to the primary producer and to appropriate for themselves a good part of the price paid by the ultimate consumer for the finished products. And this can be eliminated if the processing activity is organised on a co-operative basis by the producers among themselves. Iraq, Uganda, Tunisia, Costa Rica have made considerable progress in
Agricultural processed products.

The beginning of Agricultural Processing Co-operatives in India dates back to 1917 with the establishment of a co-operative Cotton Ginning Mill in Mysore State and the real beginning of co-operative processing industry was made with the establishment of Pravara Nagar Co-operative Sugar Factories in Maharashtra. In Assam, rural societies in Kamrup district had purchased an iron Sugarcane crushing Mill in 1913-14 and the experiment proved successful and the real beginning in Assam was made with the establishment of the Assam Co-operative Sugar Mills Ltd. in 1955. Under the State Khadi & Village Industries Board, paddy husking, oil-ghani, Gur-Khansari societies were organised but, by the end of 1976, more than 95 per cent of these societies collapsed due to bad management. Most of the Rice Mills, and Oil Mills are carried on by the Marketing Societies. However, large-scale processing co-operatives are organised and functioning independently and some more independent processing co-operatives are being organised. Out of 29 Marketing Societies, 7 (seven) Marketing Societies have both Rice and Oil Mills and one Marketing Society at Howly started processing of fruits since 1962 on a cottage scale. Another fruit-processing unit, viz., Federal Agricultural Product Processing and Marketing Co-operative has been organised in the Cachar district in 1969-70. Most of the Agricultural Processing Co-operatives are in the first stage of processing. Only the Assam Co-operative Sugar Mill has started secondary processing of its by-products and a
distillery unit has been functioning since 1969. The North-Assam Agro-Industries Co-operative Society Ltd. has also started extracting oil and de-oil from rice bran. There is the imperative need for co-ordination of activities of these units for strengthening agricultural industries in the State for integrated rural development.

Chapter 5:

The Sugar Industry is a major agro-based industry in the Co-operative Sector in Assam. In 1975-76, sugar cultivation was done 40.0 thousand hectares with a total production of 157.1 thousand tonnes. In India, the production of sugar through processing co-operatives was first attempted in 1933 and in Assam it was attempted in 1955 with the establishment of the Assam Co-operative Sugar Mills Ltd. at Barua Bamburgaon with an initial crushing capacity of 800-1000 M.T. per day. The crushing capacity has been proposed to be raised to 1500 M.T. per day.

At the end of 1980-81, growers constituted 79.5 per cent of the members of the society, whereas grower's share capital was 18.4 per cent only and State government's contribution to the share capital was 68.7 per cent. The mill has a good tradition of making all suppliers of cane the members of the Mill by way of compulsory contribution to the share capital.
The Mill takes short-term loan from the Assam Co-operative Apex Bank (Golaghat Branch) for one year against the hypothecation of levy sugar and this is given to the growers for cultivation purposes which is again repaid, after the year is over, from the sale proceeds of cane. One major drawback is that there has been delay in disbursement of the loan and the grower do not get the loan in times of actual need. The payment of interest is a big burden upon the Mill. In 1978-79, the amount of interest payable by the Mill was Rs. 15,600 lakhs.

Although the factory is located in a predominantly cane-growing area, the Mill has been experiencing insufficient and irregular supply of cane. At present, the supply of cane from the growers come from 25 feeding zones through the field-in-charge of the Mill in trucks and bullock carts to the gate of the Mill where they are received on weight basis.

The very low percentage of recovery of 7.6% in 1958-59, 9.06 in 1968-69, and 8.1 in 1979-80 against the all-in-all percentage of sugar recoveries of 12.19 in 1968 stands as another factor responsible for loss incurred by the Mill. The growers of the Assam Co-operative Sugar Mill cannot plant the early variety of cane from October, November and December due to the harvesting of rice as well as completion of cane crushing before the onset of monsoons. In fact, the supply of cane to the Mill is less only because of seasonal climate, alternative use of land for cultivation of rice and diversion of cane to privately managed power crusher for 'gur' and 'liquor'.
From 1958-59 to 1970-71, the Mill incurred losses to the extent of Rs. 43.07 lakhs. The main causes of loss are low crushing capacity, absence of cultivation of early variety of cane, lack of good transport, obsolete machinery causing frequent breakdown, etc. However, the Mill started earning profits since 1971-72 after the operation of the distillation unit since June 1969.

By 1980, there are 440 permanent employees in the Mill and during the busy season an additional 425 persons are engaged. The volume of employment appears to be more than the volume of work in the Mill.

Due to internal politics, there was no regular and timely general meeting and so no regular elected body has been able to function. The Managing Director is the Chief Executive in the Mill. He is deputed from the A.C.S. I without any requisite qualification or training in co-operative management. From 29.8.62 to December 1982, 10 Managing Directors had joined, some of their tenure of service in the Mill being only a year and half. Frequent shuffling of Managing Directors could hardly benefit the Mill. Till now, all the Chairmen of the Mill are inducted from the political level being either an M.L.A. or an Ex-M.L.A. of the political party in power in the State.

The important by-product of the Sugar Mill are bagasse, press-mud and treacle. About 60 per cent of the bagasse are used as fuel with wood, coal-fuel for the
The Uttar Asom Samabai Chenikol Ltd. is a Khansari unit in Darrang district. The district is known for the cultivation of sugarcane. Apart from this, the government of Assam allotted 2550 bighas of land for the cultivation of sugarcane by the Sugar Mill. Practically in two farms, viz., Vhir farm with 100 bighas and Kodomani farm with 327 bighas of land, cultivation of Co.740 and Co.997 variety of cane are done. The growth of membership of the Sugar Mill is not very encouraging. It is entirely dependent on government finance. In 1978-79, government held 75 per cent of the shares of the Sugar Mill. The amount of loan received by the Society up to 1979-80 amounts to Rs. 28,30,464.00.

The Sugar Mill gets sugarcane from its own farms only. The supply is very inadequate for the Mill. The percentage of
recovery is also very low, being 2.3 per cent to 5.8 per cent only. The crushing is done by power crusher due to breakdown of machinery. The entire bagasse are used as fuel for the preparation of Khansari sugar. The market for Khansari sugar is local for domestic consumption and also for the production of confectionary and biscuits.

The Mill is incurring losses every year because of higher cost of manufacturing and low sale value for the Khansari sugar. The total number of employees in the Mill in 1979-80 was only 10 without any technical person. Persons engaged for crushing do not have any technical knowledge or training. The society suffers from bad management. The general members are also disinterested in management as is evident from the very poor attendance in its meetings. The Sugar Mill needs long term capital both for repairing and replacement of the machinery. Earnest endeavour should be made to convert it into a fullfledged Sugar Mill, otherwise people's faith in cooperatives may be adversely affected.

Chapter 7:

In the production of jute, Assam has a pride of place in India. Assam's place in jute production is second in the country, with an annual production of 9 to 11 lakh bales. In the district, Nowgong alone produced more than 5.8 lakh bales which was more than sufficient for the Jute Mill in the state, at least for meeting the local demand for jute products like sacking and hessians in addition to creation of employment.
With this end in view, the Assam Co-operative Jute Mill Ltd. was established in 1959 with 150 looms for manufacturing gunny bags and hessians. The Mill started its production on 1 January, 1971. By 1979-80, growers constituted 71 per cent of the members, while the co-operative societies and others held 11 per cent and 18 per cent of the members of the Mill respectively. Similarly, government contribution to the share capital in 1979-80 was 95 per cent while the contributions of the growers, co-operative societies and others were 2 per cent, 2 per cent and 1 per cent respectively.

The viability of the Mill has been greatly affected by heavy loan, payment of interest on it and various kinds of taxes. The capacity of the Mill was 20 M.T. per day in 7 shifts of 8 hours duration. But due to the failure of the Mill authority to ensure supply of the required quantity of raw-materials, the average working of the Mill came down to 15.5 M.T. per day. Out of the total production of jute in the State, the authority of the Mill purchased only 2 per cent of raw jute in 1973-74, less than 1 per cent in 1976-77 and 0.7 per cent in 1977-78 for processing purposes. Out of 579 looms, only 100 looms were functioning in 3 shifts. The 3 shifts at 85 per cent production efficiency should have yielded an annual production of 8630 M.T., whereas it has yielded the maximum production of only 3205 M.T. in 1975-76. The inventory of the Mill has also been very badly managed blocking in funds and resulting in losses.
Since the beginning of its operation on 18 January, 1977, the Mill has been incurring losses. The accumulated loss of the Mill as per balance sheet ending 30.6.79 was Rs. 20.07 crores. For the first time, the Mill earned a profit of Rs. 7,58,374.46 in 1979-80. The dismal picture of the Mill has been due to paucity of fund, under-utilisation of its installed capacity, power shortage, breakdown of machinery, higher costs of purchase of raw-materials, absenteeism, faulty marketing arrangements, inefficient working and defective management.

The Mill does not have any clear-cut employment policy. Most of the factory workers are agricultural labourers without any technical know-how. The number of persons working in the Mill appears to be superfluous considering its recurring losses.

There is no regular holding of the annual general meeting of the members. From the initial stage, the Mill is managed by ad hoc nominated bodies. And so far, only one elected body could function from 26.5.69 to 23.3.78. The Managing Director is the Chief Executive Head of the Mill. Since 5 March, 1971, the post of Managing Director is being occupied by A.C.S. I Officers on deputation and since its inception, the Mill had 8 Managing Directors and their average association with the Mill was for about one year only. They were not sent for any training either before or after their joining the Mill, thus they lacked in professional approach to the management of the Mill. The finance of the Mill is being...
looked after by an Accounts Officer—a senior Co-operative Inspector on deputation. There have been frequent changes in the Board of Directors, Managing Director, and Managers in the Mill. Taking into account the above weaknesses and in order to bring about operational efficiency in all areas of working of the Mill, there is imperative need for re-organisation of different activities of the Mill. It is also suggested to swap the post of Managing Director, Managers, Accounts Officer with professional persons with sufficient expertise and experience in each of the branches.

Chapter 8:

Assam produces a considerable quantity of short-staple cotton. The total crop area under cotton in Assam was 4.1 and 3.8 thousand hectares in 1972-73 and in 1976-77 respectively, while the total production during the same period was 1.7 and 1.7 thousand bales and it increased to 1.8 thousand bales in 1977-78.

In Assam, practically two districts—Karbi Anglong and N. C. Hills produce cotton. Till 1956, all productions were exported outside the State. The objective of starting a Cotton Ginning Mill was to establish cotton ginning factories in the co-operative sector with a view to promoting and developing cotton cultivation in the area of N. C. Hills and Karbi Anglong district for the benefit of the growers and to supply ginned products to members at cheaper price.
In the procurement of raw-materials for the Mill, traders and commission agents used to supply 85% of the total requirements. The available raw-materials supplied to the Mill could feed the Mill for 14 or 15 days for a total of 3 or 4 working days in a year and this is due to lack of any policy for material management. The working of the Mill reveals that the daily recovery percentage is 36 only.

The overdue loan is a big problem for the Mill. The amount of overdue loan up to 1978-79 was Rs. 1.5 lakh. The Mill is run at losses. Low capacity utilisation due to short supply of raw-materials and bad management are considered to be the main causes of losses incurred by the Mill.

Out of 17 employees of the Mill, only the Foreman is a technical person having I.T.I. training. The Mill will be able to provide more employment both directly and indirectly if the existing Mill can be converted into a Mini type Spinning Mill. There is a large number of co-operative weavers in the district whose requirements of thread valued at Rs. 5 to Rs. 7 lakhs may be supplied by such a Mini type Spinning Mill.

As regards the Management, the members of the Managing Committee have no interest in the functioning of the Mill. Since the date of registration on 8.2.56 to 7.7.62, the Managing Committee could not have its meetings for 8 times for want of quorum. Even the first general meeting scheduled to be held on 10.5.57 had to be adjourned for want of quorum.
Chapter 9:

Assam is a land favouring horticulture because of its typical Agro-climate condition. The estimated annual production of major fruits in Assam is about 5 lakh tons. Unfortunately, due to inadequate and improper transport facilities in rural areas, a substantial quantity of fruits goes waste every year consequent on seasonal gluts. It is estimated that the quantum of wastage will be about 20 to 30 per cent at the peak of production. This, besides having a negative affect on the State economy, deprives the people of a valuable source of nutrition as well.

With the objective of checking the wastage in the State's economy based on fruits and also to provide remunerative prices to the growers, the Howly Marketing Samahai Sanita started fruit-processing unit in 1964 on a cottage scale. About 10 years, the operations were purely manual and bottled products were the only production.

The Society started processing of lemon, orange squesh and tomato ketchup. The Society discontinued manufacturing of tomato ketchup for want of market. The society also could not take full advantage of the abundant supply of lemon due to lack of demand for lemon squesh. The processing of fruits by power-driven machinery was started in 1975 only with an installed capacity of 3 tons daily.
The main items of raw-materials consist of pineapple, orange and lemon. The supply of raw-materials is irregular, and even during the peak-season, the operation has been very low. The unit worked on average only for 5 days in a month and as a result, the capacity utilisation was very low. The unit does not have any organised method of sale. The label used 'MANAS' is quite unimpressive compared to those of similar products available in the market.

The maintenance of records is so bad that it was not possible to find out the profitability of the society. It is observed that the unit incurred heavy losses, in spite of good market for its products all over the country only because of lack of planning and proper management. There is also no proper use of the by-products. Attempts may be made to sell the by-products (pineapple skin, core, eye, orange refuse) to the Veterinary department, to bring some revenue to the society.

There is no qualified staff in the society. The chemist is only a diploma-holder. The fruit-technician is not even a diploma-holder. The Secretary is also a person without any proper qualification or training.

Though the society was to be managed by an Elected Board of Management, there has been no annual general meeting of the society for the last 9 years. Instances are not rare where ad hoc nominated body was formed with members recommended only by the local M.L.A., often with political interests. There are reasons to believe that the functioning of the society is...
not been democratic in that important financial decisions have
been made without consulting the Managing Committee.

The society has no Manager who would be responsible
for production, sale, procurement and general administration
of the society. One full time competent Manager should be
assisted by a qualified chemist, production assistant and
accounts assistant.

It appears that the godown maintained by the unit is
in a very deplorable condition. There is no systematic storing
in the process, identification and location of items is also
difficult. Products are stocked on the ground in a haphazard
manner. There is an urgent need for improving the standard of
storing by using racks of suitable standard heights. There is
also no correlation between production, sales and demand for
which there exists accumulated stock of pickles, squash etc.

There is also no proper management of bank and records.
General ledger entries of debit and credit are found to be not
always proper which create confusion and difficulties in
preparing accounts by auditors. The costs of management appear
to be high compared to the business activity. Unless the
accounts are maintained properly and audit is done up to date,
it would be very difficult to enforce any financial discipline
in the society. In fact, departmental audit was pending for
the last 8 years because the Secretary could not produce
accounts to the departmental auditors. Efforts may be made to
promote sales to the defence personnel in their cantonment areas.
Chapter 10:

Paddy is an important crop of Assam. It is grown in all the districts of the State. Production of paddy in Assam is still practised with traditional techniques and modern inputs like irrigation, fertilisers, seeds of High Yielding Variety, insecticides etc., are yet to be extensively used.

Rice Milling is a part of a process called 'paddy-rice-processing'. It constitutes in the removal of husks from the paddy grains and thin layers of bran from the grains to make them fit for human consumption. The work of processing of paddy into rice is entirely done by the middlemen like traders and businessmen and they charge excessive price from the consumers for the same produce and also indulge in various kinds of malpractices in their dealings with the producers and consumers and, as a consequence, the farmers are deprived of the actual price for their produce. The individual cultivators cannot undertake it, due to their limited resources in terms of finance, technical skill and knowledge and limited marketable surplus. So there is the imperative need for processing of rice on co-operative basis to avoid exploitation by private individuals. The co-operative Rice Mills in Assam were established as adjunct to marketing co-operatives. The term 'marketing co-operatives as used here includes the Marketing Processing Co-operative Society and the Assam State Co-operative Marketing & Consumers' Federation (STATFED).
The Rice Mills were established with the financial assistance of the government. There are two different sources through which the assistance is received by the Rice Mills - (i) the State Plan scheme, (ii) the Central Sector Scheme.

Under the State Plan, 10 co-operative Rice Mills were financed with Rs. 18.81 lakhs. Under the Central Sector, the National Co-operative Development Corporation has made a positive impact in these fields. In Assam, during the Third Plan, the Govt. had offered financial assistance amounting to Rs. 49.06 lakhs to 21 co-operative Rice Mills in the State.

The main source of supply of paddy to Rice Mills was the allotment given by the STATFED, on the basis of capacity and quality of products. The Rice Mills suffered from non-utilisation of their installed capacity due to non-allotment of paddy to the extent required by the Rice Mills. The total requirement of paddy for each Rice Mill for 300 working days in one shift of 8 hours' duration is 24000 quintals but it appears that the utilisation of installed capacity in respect of each Rice Mill varies from 11.5% to 36.9% only. It is reported that the Rice Mills are handicapped for non-availability of margin money (40%) to avail cash credit accommodation sanctioned by the Apex Bank for purchase of paddy in the open market. In fact, the management have failed to develop business confidence with the financing agencies to avail cash credit accommodation or any kind of financial help for proper functioning of the Rice Mills.
The Rice Mills are running at a loss due to the non-availability of the required quantity of paddy, want of working money, low milling charge, breakdown of machinery, and irregular power supply. In Assam, Millers are getting their milling charge at the rate of Rs. 2.75 per quintal fixed in 1959 as against Rs. 3.00 in Bihar, Rs. 5.70 in Andhra Pradesh, Rs. 3.50 in West Bengal, per quintal. The profit earned by few Rice Mills are due to sale of by-products like rice bran and broken rice. It is observed that some societies do not keep clear accounts of the quantity of excess rice (excess after giving 65 kg rice in case of Sali paddy and 63.2 kg rice in case of Lahi paddy) and by-product records (4% rice bran and 1% broken rice per quintal of paddy). The management of the society should have regular checking of stock and the statement of accounts on each type of business done in the society. In fact, the members of the Managing Committee should also be involved in the activities of the societies by being assigned duties of supervisory nature so that there are always checks and balances in the activities of the Secretary. From 1977-78, the government imposed levy @ 25% to the Rice Mills. So there is an imperative need for installation of parboiling and mechanical dryer in Assam as there is a large quantity of Ahu paddy which is also free from the government levy.

The co-operative Rice Mills do not have any employment policy. From 1970-71 to 1980-81, the Rice Mills under study have been able to provide employment to a very limited number of persons. Except STATFED Rice Mills, others do not have any
Mill Manager. Electrician, linesmen, fitters, mill-mechanics are said to be technical persons having diploma only from State Industrial Training Institutes. Many of the Rice Mills are running far below their rated efficiency because of the lack of trained personnel in the Mill. If technically qualified persons are not readily available, suitable persons may be got trained at the Indian Institute of Technology, Kharagpur.

The Processing Societies owning Rice Mills are to be managed by an elected Board of Management, which is elected by the General Assembly - within 60 days from the close of the preceding co-operative year. But it is observed that this practice is not followed in the selected societies for 4 to 5 years due to local politics and vested interests. As mere protein diet cannot cure any disease without proper treatment, so also unless some persons in the management are replaced by honest and dedicated persons having full faith in co-operative philosophy and principle, Processing co-operatives in the State cannot flourish with government finance alone.

Chapter 11:

Oil seeds, the major raw materials for oil in the country, have acquired an important position in the national economy. Assam produces mainly mustard seeds, rape, sesame, linseeds and castor. From 1970-71 to 1979-80, the total area under cultivation of oil seeds in the State increased by about
41% while the total production during the same period increased by 84.2 per cent. Most of the oil milling capacity in the State has been in the private sector, while the co-operatives have played a very marginal role in this field.

The private sector oil Mills exploited the growers and were making money at their cost. The growers were, therefore, fully justified in having their own units so that their produce could be processed in their own mills so as to enable them to secure better prices for their product. In Assam, only co-operative societies undertake processing of oil seeds.

The oil Mills under study need sufficient amount of margin money for the purchase of raw-materials for smooth working of these mills. The selected societies got insufficient raw-materials during the period of their operation and the percentage of capacity utilisation even for the actual year of operation varies from 8.87% to 35.06% only.

The selected oil Mills incurred more loss than earning profits because these societies failed to purchase the required quantity of oil seeds inspite of availability of raw-materials within the locality. There was also irregularity in the operation of these Mills. All the selected oil Mills are run by non-technical persons. Unless some trained persons are engaged, the societies cannot expect any operational efficiency in the oil Mill. In the management of the society also, it is observed that the members are not actively interested which is revealed from their poor attendance in the meetings. The
Management must be able to improve members' involvement in the working of the society so as to improve upon its functioning.

Chapter 12:

The by-products of Rice Mills are important ingredients for various kinds of oil. In Assam, there are 29 Rice Mills in the co-operative sector and 38 Rice Mills in the private sector. These Rice Mills produce about 750 M.T. of rice bran per month for extraction of rice bran oil and deoil. The North-Assam Agro-Industries Co-operative Society Ltd. was registered on 28.9.72 for the purpose of extracting rice bran oil and deoiled rice bran out of the available rice bran in the State. It was set up with 20 M.T. installed capacity with major participation of the State government and the National Co-operative Development Corporation.

The growth and composition of the members of the society has remained more or less the same since 1973-74, having 89.6 per cent members of the co-operative societies. The State government holds the major amount of share capital of the Industry. In 1980-81, the State government contribution comprised about 63 per cent. The Society obtained loan to the tune of Rs. 19.647 lakhs with Rs. 11.18 lakhs accumulated interest and had to incur recurring losses. There is no dearth of raw-materials for the industry.

It is observed that there has been frequent shutdown of the plant due to power failure, mechanical trouble, improper maintenance and hence whatever rice bran were available in the
State could not be procured and the quantity of rice bran processed during the period from 1977-78 to 1980-81 is far less than the installed capacity. Apart from the availability of rice bran, the operation of the plant depends upon normal hexane, furnace oil, electricity, steam and water. Unfortunately, the consumption of normal hexane has come from 60 to 70 litres per M.T. against minimum 15 litres and, as a consequence, the cost of operation of boiler run by furnace oil gas came from Rs. 2640.00 to Rs. 2800.00 per day against the expected expenditure of Rs. 800.00 to Rs. 1000.00 per day on coal fired boiler.

The Society also sells its by-product - a kind of cake which is a very good feed for the cattle. The demand for the by-product comes from the State Veterinary department. Since 1973-74, the industry is incurring heavy losses.

Out of the 20 employees, only 5 persons are said to be technical - such as two plant operators, one mechanical fitter, one electrician, and one chemist. But there are no production Engineer and production Manager. The Administrative Officer is a retired person without any technical knowledge and in his place at least a Production Engineer could be engaged to attain operational efficiency.

Although the society was to be managed by a Board of Directors consisting of not more than 15 members, it is actually managed by ad hoc bodies nominated by the Registrar of Co-operative Societies and although the plant is economically
feasible and very lucrative, the management has not been able to tone up the administration to run the plant non-stop and also to make it profitable. The management has also failed to increase the storage facilities for rice bran and rice bran oil. For instance, when the 2 (two) storage tanks having 45 V.T. capacity for the rice bran oil were completely filled up, the plant had to be shut down for want of storage space.

The plant had to be shut down frequently for want of normal hexane and the management has failed to procure normal hexane at least on priority basis from the Ministry of Petroleum of the Government of India. Non-availability of railway wagons in time for despatching deoiled bran is another problem faced by the society. Deoiled bran has a good export market for earning foreign exchange for the country and therefore, the industry should be specially cared for.

Chapter 15:

The concept of co-operative Management is that it is the management of those who need and use the services rendered by the co-operatives. An efficient management of co-operative enterprise is a sine-quo-non for the survival and growth of co-operative movement in the country. Management is the activity which plans and controls the operation of the basic elements of men, material, machines, methods, money and markets providing direction and co-operation and giving leadership to human efforts, so as to achieve the desired
objectives of the enterprise.

One of the principles of co-operative organisation is the Democratic Management consists of three important or at - viz., (i) the general members, (ii) the elected Board of Directors or Committees, and (iii) the operational paid executives and the staff. Management must rest in members themselves and there should be no external interference. But some of the State laws are repugnant to the principle of 'democratic control'. For example, the imposition of a tax is the very negation of their concept and one cannot think of a more undemocratic act vis-a-vis a co-operative society than this. The power of the Registrar to call a general body meeting of the society vitiates the autonomy of the co-operatives.

Financial management in a co-operative is a matter solely within the purview of that society. But Sec. 55 of the Assam Co-operative Societies Act, 1949 require that societies should obtain the Registrar's approval for lending or borrowing of funds as well as for the investment of funds. The power of the Registrar to supersede the committee, under Sec. 36 and Sec. 37 of the State Act, of a society with a committee nominated by him, has often been used to nominate persons who are of political value to the government in power. Acts and Rules relating to co-operative society play a vital role in the development of a co-operative movement. In these laws are contradictory to co-operative principles, there is no
room for the growth of a movement which is truly co-operative.

In the processing co-operatives in Assam, growers constitute the majority of members in the society, although the grower-members have failed to acquire a clear understanding of the nature of the enterprise. The grower-members in the Board of Management in the Agricultural Processing Co-operatives of the State have practically failed to manifest leadership in helping to manage the units. The General Assembly meeting shall be called once every year within 60 days from the close of the co-operative year. But in actual practice, it is seen that the annual general meeting is not held for 5 to 6 years on some pretext, or other.

The introduction of State partnership in co-operative activities has enabled the co-operatives in general to make rapid progress, it has generally led to excessive State control, interference and regulation, which also goes counter to the basic principle of co-operation.

The government nominees, who are mostly political persons of the party in power, have neither experience, knowledge, nor training in the nature and practice of processing of agricultural commodities for which they are nominated to the Board of Management.

All the Agricultural Processing Co-operatives in Assam are managed by non-professional managers. This has resulted in the manning of managerial positions by deputationists on a significant scale with serious effects upon the efficient
functioning of co-operatives. It has also been observed that all Chairmen of Agricultural Processing Co-operatives in Assam are political persons. Some of them are either sitting M.L.A. or Ex-M.L.A., and in most cases, they expose themselves to the charge of having vested interests - promoting personal interests to the detriment of the interests of the society.

Except the Sugar Mills, other processing co-operatives do not purchase their raw-materials directly from the grower-members. The present system of purchase of raw-materials through tenders or agents is not a healthy practice. The resultant effect is the extremely low capacity utilisation of the processing units. Lack of proper storage and inventory control is also another major contributing factor affecting capacity utilisation and quality of products.

The present system of marketing of products is to wait for the customers to come. No effective sales promotion is in existence. No attempt has been made to establish contact with potential buyers with whom direct sales could be negotiated.

The Agricultural Processing Co-operatives in the State are entirely dependent on government finance. Their huge loan factor and heavy interest thereof have a crippling effect on their economic viability. Huge amounts of loans without any departmental audit for 5 to 7 years often create a serious situation for the concerned units. A detailed financial plan on the basis of long-term and short-term capital as well as
revenue budgets are not prepared by professionally competent persons in order to manage adequate funds for smooth functioning of the Mills. The finance Section is being headed by Treasurer Officers who are deputed by the Co-operative Department having experience only in keeping co-operative department accounts and whose knowledge is limited to book-keeping only. There is no Cost Accountant in any of the processing units in the state. It is suggested to recruit a qualified Accountant-cum-Financial Adviser to man the processing units. Absence of regular audit is a common feature in the Agricultural Processing Co-operatives in the State. It would be worthwhile to have regular internal audit to maintain up-to-date accounts and to have a close watch on the Financial Management of the Agricultural Processing Co-operatives in the State.

Due to internal politics, and vested interests, annual general meetings are not regularly held although the bye-laws direct holding of the annual general meetings within 60 days from the close of the co-operative year. It is suggested that the Annual General meeting should be held regularly.

In Assam, the major Agricultural Processing Co-operatives are managed by Managing Directors belonging to the Assam Civil Service Class I personnel, without any training. Field investigations show that these Civil Service personnel are sometimes available for a duration of one year only, which is not at all a sufficient period for the persons concerned to accumulate the necessary skill and to grasp the intricacies of co-operative business. The Managing Director should, therefore,
be a technically qualified professional man or at least a professional Manager with experience in specific industries or any other allied industries and the top management must have continuity of service in the processing societies. Due importance should also be given to the appointment of a Personnel Officer who is well qualified to control the personnel aspects of the mill to avoid subjective assessment for the growth and development of the Agricultural Processing Co-operatives in the State.