

# ROLE OF COOPERATIVES IN THE DEVELOPMENT OF THE HANDLOOM INDUSTRY

## *10.01 Importance of Cooperatives:*

India is a country with lakhs of villages and her economy is primarily based on rural earnings. Therefore, the socio-economic development of these villages was considered very essential, especially during the post-independence period. Special attention was paid to the growth and development of industries located in villages. This growth was planned to be achieved mainly through the development of the cottage and handloom industries and other villages based industries. Thus, the need for co-operative organization was realized which would help to bring all people together under a common organization to achieve their common objective of self-development.

A rural industrial cooperative is generally an association of workers and craftsmen involved in cottage or village industries, who come together to undertake collective production, processing and marketing of goods manufactured by the members of the cooperative and provide them with the necessary help and services. Credit, raw material and marketing of finished goods are three important requirements of industrial units which cannot be easily met in the third world rural villages. The best solution of these difficulties seems to be organization of cooperatives of industrial workers. It provides two distinct advantages – a) utilization of facilities provided by the Government and b) pooling of capital and skill.

The main aims for forming a cooperative may be categorized into two:

1. **Social aims** which is to safeguard the members' interest and to protect them from exploitation by the capitalist and the traders. The cooperatives also render services to the society in general.
2. **Economic aims** which focus mainly on creation of employment, reduction of disguised unemployment, increase work participation rate both among male and female members, attempt to raise the profit percentage of the workers and arrange for different economic welfare and pension schemes for the member workers

Keeping these aims in mind the objectives to be persuaded are:

- To develop self-reliance, cooperation and self-respect among the members.
- To purchase and supply raw materials, tools and equipment needed by the workers.
- To obtain contracts from the government and other national and international companies and organization.
- To purchase machinery and other equipment required by members and to hire them to the members for quality production.
- To grant monetary advances if needed by member workers against the securities of raw materials and finished products.
- To construct and provide facilities of godowns for storage of finished products and raw materials.
- To undertake activities needed for the welfare and well-being of the members and the society.

### ***10.02 Cooperatives in India:***

Probably, the first attempt to introduce the cooperative method for solving rural economic problems was made in 1904 when the then British Government passed the Co-operative Credit Societies Act. The object of the Act was to encourage thrift, self-help and cooperation amongst agriculturists, artisans and persons of limited access to required financial support and essential resources. However, in the industrial field also, the principle of co-operation has been accepted as a method to help small industrialists, artisans, craftsmen and others to increase their productive capacity and financial resources. Industrial co-operatives are generally formed by artisans, craftsmen, industrial workers and small industrialists.

During the first two Five-Year Plans, 1951-56 and 1956-61, the industrial co-operatives made a definite progress. Weaver's cooperatives were established on a firm footing under the guidance of the All India Handloom Board which still provides the cooperatives with government grants and loans and also helps in strengthening the marketing

organizations. It further aids in building up the internal resources of the cooperatives by increasing the share capital. Most of the funds for industrial cooperative societies are available from co-operative banks. Credit facilities are also given by private entrepreneurs. The co-operative societies also get subsidies, grants-in-aid and loans from government for the purchase of machinery, equipment, raw materials, etc. Considerable attention is being paid to the introduction of improved tools and techniques amongst industrial cooperative societies by different all-India and state organizations. Thus, the industrial cooperatives play a vital role in the development of village industries.

The different *types of industrial cooperatives* include Industrial Production Society, Industrial service cooperative society and Common facility workshop society. *Other types* of cooperatives include Workers cooperatives, Community cooperatives, Secondary cooperatives, Credit Unions etc.

### ***10.03 Cooperatives of Nadia:***

The handloom industrial cooperative societies of Nadia district play a vital role in the functioning and sustenance of the industry. Though the societies started operating in the mid 1970's, they have recently come into focus and gained tremendous importance in the handloom industrial sector in a very short period of time. This form of organization is most suitable for the handloom industry. For the sake of survival and social security and to avoid exploitation from other agencies such as mahajans, money lenders and dealers, the weavers needed to get united for the transformation of their miserable lifestyle to a state of better earning and better living as well as to restore the pristine glory of their craft and ancient skill to its mighty position. In this perspective of their spirit of cooperation, self reliance and mutual understanding the cooperative fold came into focus with the administrative backing of the state government and monetary support from the cooperative banks and other nationalized financial organizations.

An important characteristic of the development of cooperative societies in the district of Nadia is that most of them are concentrated in the Santipur Handloom Zone. In the initial phase, the establishment of these societies was made uniformly over the whole district but after a certain period, the cooperatives of the Nabadwip Handloom Zone failed to perform. Most of them were closed down with time and the few remaining ones like Nabadwip Baishnabpara T.S.S. Limited, Gholapara R.S.S. Limited, Gouranga Kalatala T.S.S. Limited

and Kalinagar Kapali para T.S.U.S. Limited are not performing upto the desired standards. In comparison, the societies of the Santipur zone made a steady progress, especially those located in the Fulia and Santipur towns. These cooperatives, however, have a limited influence and catchment area. Most of the weaving population of this zone is also denied of the benefits of the cooperative societies and are under a dismal condition. Again, although the cooperatives of the Santipur town are performing at a moderate standard, those of Fulia have set milestone of very high standards of performance. The amounts of exportable products at Fulia have increased dramatically in recent years due to the intervention of cooperatives. The standards of living of the associated weavers have also been upgraded and the overall prosperity of the town of Fulia, whose economy is almost entirely dependent on the handloom industry, has increased. Besides ensuring economic support and employment opportunities, the cooperatives undertake various developmental works of lifestyles, health and education of the weavers under its fold.

From the information gathered from the field survey and other secondary data, a detailed study of three cooperatives of Fulia and one of Santipur has been made. The cooperatives of the Santipur town are older and failed to upgrade their standards. The best performing among them is the one located at Kutirpara in Santipur. The **Santipur Kutirpara Cooperative Weavers' Society Limited** is more than 50 years old, (established in 1944) with 486 members at present (in 2008-09). The society, besides providing economic support, also ensures socio-cultural benefits to its members. It arranges for different health insurance policies, health checkup programmes, monetary grants for education of children of the members, accident insurance and old age pension schemes. However, the production status of the society is unsatisfactory with very marginal rise in annual profit. The cooperative also presents a dissatisfactory export performance and lacks required programmes and policies for the improvement of the situation.

With active help from Directorate of Handloom, West Bengal and promptness from the society offices, the two initial societies of Fulia were transformed and reorganized into three proper cooperatives in the initial part of 1973. The re-division was made on the basis of area under their supervision. The offices of the three societies are situated adjacent to one another and are named as:

- Tangail Tantujibi Unnayan Samabay Samity Limited
- Nutan Fulia Tantubay Samabay Samity Limited

- Fulia Tangail Shari Bayan Shilpa Samabay Samity Limited

The cooperatives of Fulia are now milestones of success of cooperative movement in the handloom sector. In spite of several handicaps and obstacles in the way of their progress, they have continued with their excellence in the field of production. However, the number of weavers of the locality under their fold is still quite limited, about 12-15% of the total weavers (in 2008-09). Even then, the overall weaving population of the area has benefitted from their endeavour and the socio-economic status of the town and its adjacent has been dramatically upgraded. Besides the scheduled commercial activities, the cooperatives undertake various developmental works including the upgradation of lifestyle, health and education of weavers under its fold.

**The Tangail Tantujibi Unnayan Samabay Samity Limited** is the most promising of the three and a detailed study of the performance of the society has been attempted. This society of Fulia Township was established in 1973-74, informally, in the form of association when a large number of weavers who migrated from Bangladesh and belonged mainly to the Basak community, felt the need to unite themselves to get rid of the exploitation of the mahajans, to restore their age old tradition and skill and also to assure themselves social security, economic stability and a better lifestyle. With this spirit of cooperation, self reliance and mutual understanding, administrative backing of the state government and financial support from the U.B.I., it was formally converted to a cooperative society. At present it has 485 active members under its fold and offers works directly and indirectly to more than 1200 weaving people. The society is engaged in the production of different varieties of Tangail saris and a large number of non-traditional exportable items like scarves, stoles, furnishing fabrics, dress materials etc. The society has upgraded the wage structure of the working weavers and successfully implemented different welfare schemes for its members. The organization has its own complex, yarn dye house, training cum sampling centre for technical upgradation of the unskilled and the semi-skilled weavers and to make new samples for export markets and independent transportation and other related infrastructural facilities. Most of the schemes introduced by the Central and the State Government for overall development of the handloom industry are successfully implemented by the society and the amount of export is on steady rise.

The adjacent figures display the trend in the rise of number of members and looms of the organization and its performance pattern. Analyzing the performance of the society over the years, (Fig. 47) it can easily be interpreted that the cooperative has been a definite success. Both the numbers of members and looms have increased steadily over the years and the gaps between the number of members and looms have gradually diminished. The society received steady financial support from the banking organizations. However, in recent years, a downward trend can be noticed in the production and profit pattern. This might be due to faulty policies or inadequate implementation of adopted schemes. (Fig. 48)

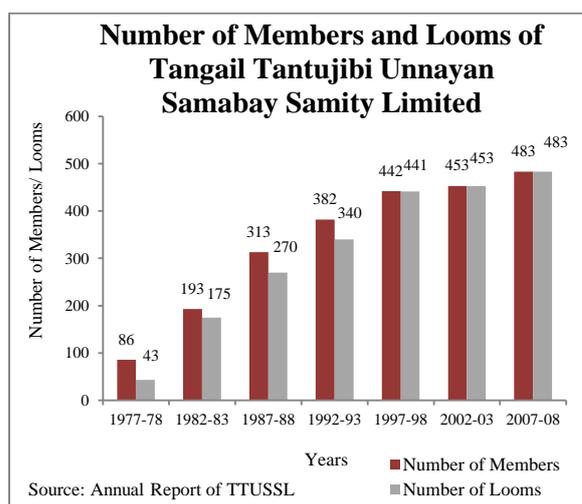


Fig. 47

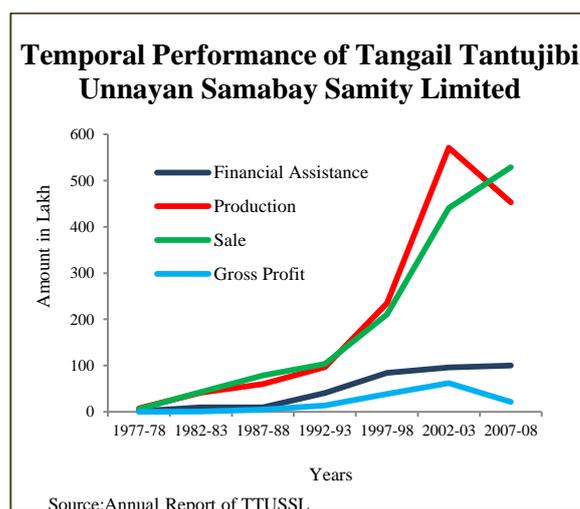


Fig. 48

Performances of the main cooperative societies of Fulia and Santipur are presented in a tabular form in Table 22 and Table 23:

Table 22: Performance of Selected Cooperatives of Fulia, 2007-08

|   | Tangail Tantujibi Unnayan Samabay Samity Limited | Nutan Fulia Tantubay Samabay Samity Limited | FuliaTangail Shari Bayan Silpa Samabay Samity Limited |
|---|--|---|---|
| <i>Year of Registration</i>   | 1977   | 1976  | 1977  |
| <i>Total Members</i>  | 485  | 561   | 603   |
| <i>Total Number of Looms</i>  | 485  | 560   | 599, out of which 560 looms are in working condition  |
| <i>Number of Looms Engaged Exclusively for the Production of Export Items</i> | 253  | 360   | 360   |

|   |   |  |  |
|---|---|--|--|
| <b><i>Financial Assistance Received from NABARD</i></b>                         | Not Mentioned   | 99   | 93   |
| <b><i>Financial Assistance Received from other sources (in lakh Rupees)</i></b> | 76.67   | 56.84  | 58.715   |
| <b><i>Production of goods (in lakh Rupees)</i></b>                              | Domestic Category: 239.33<br>Exportable Category: 213.41<br>Total: 452.74   | Domestic Category: 141.39<br>Exportable Category: 46.76<br>Total: 188.15         | Domestic Category: 186.92<br>Exportable Category: 284.50<br>Total: 471.42      |
| <b><i>Sale (in lakh Rupees)</i></b>   | Domestic Category: 284.51<br>Exportable Category : 244.62<br>Total: 529.13  | Domestic Category: 203.88<br>Exportable Category : 48.23<br>Total: 252.11        | Domestic Category: 221.71<br>Exportable Category : 293.08<br>Total: 514.79     |
| <b><i>Export Order in Hand (in lakh Rupees)</i></b>                             | Not Mentioned   | 30   | 70   |
| <b><i>Name of Exporting Countries</i></b>                                       | Japan, Germany, Americas, Middle-East countries.                            | Japan. Italy, Germany etc.   | Japan, Italy, Americas etc   |
| <b><i>Average Wages Earned by Members (in Rupees)</i></b>                       | Not Mentioned   | 2000 / weaver / month in domestic section<br>2500/weaver/month in export section | 2300/ weaver/ month in domestic section<br>3500/weaver/month in export section |
| <b><i>Varieties of Products</i></b>   | Tangail Saris, Exportable Scarves, Running Fabrics and Dress Materials etc. | Tangail Saris, Exportable Scarves, Running Fabrics etc.                          | Tangail Saris, Exportable Scarves, Running Fabrics and Dress Materials etc.    |
| <b><i>Government Welfare Schemes for Members Implemented by the Society</i></b> | <b>Name of Scheme</b>   | <b>Number of Member benefitted</b>   | Information not available  |
|   | House-Cum Workshed:   | 170  |  |
|   | Contributory Provident Fund:  | 266  |  |
|   | Mahatma Gandhi Bunker Bima:   | 230  |  |
|   | Health Package:   | 68   |  |
|   | Old Age Pension:  | 21   |  |
|   | Education Allowances:   | 10   |  |

## ROLE OF COOPERATIVES



Photo 35: Tangail Tantujibi Unnayan Samabay Samiti



Photo36: Nutan Fulia Tantubay Samabay Samiti



Photo 37: The main cooperative at Kutirpara in Santipur



Photo 38: The dyeing unit of Kutirpara Cooperative



Photo 39: Conference room at a cooperative in Fulia

**Table 23: Performance of Cooperative of Santipur**  
*Kutirpara Cooperative Weavers' Society Limited, 2007-08*

|  |       |
|--|-------|
| <i>Year of Registration</i>                                  | 1944  |
| <i>Number of Members</i>                                     | 486   |
| <i>Number of Working Looms</i>                               | 210   |
| <i>Production (in lakh Rupees)</i>                           | 35.85 |
| <i>Sale (in lakh Rupees)</i>                                 | 43.85 |
| <i>Working Capital (in lakh Rupees)</i>                      | 79.77 |
| <i>Number of Beneficiaries under C.P.F Scheme</i>            | 157   |
| <i>Number of Beneficiaries under M.G.B.B.Y. Scheme</i>       | 93    |
| <i>Number of Beneficiaries under Pension Scheme</i>          | 40    |
| <i>Number of Beneficiaries under Health Insurance Scheme</i> | 239   |

*Source:* Compiled by the Author.

If a comparative analysis is made between the performances of the cooperative societies of Fulia and Santipur towns, it is absolutely clear that the societies of Fulia are miles ahead. Export of products is extremely important for them, which is not even worth mentionable for the society of Santipur. Sections of Fulia also receive a substantial aid from different schemes of the government and have sufficient export orders under their belt. Infact, the society of Santipur lacks the sheer glory of performance of that of the cooperative societies of Fulia. The Tangail Tantujibi Unnayan Samabay Samity Limited is the most promising of them in almost all aspects.

***Problems Encountered by the Cooperatives:***

Though the formation of weavers' co-operatives is one of the most important strategies in the attempt of revival and increasing support to the handloom sector, their performance, however, has not been uniformly satisfactory. This needs proper attention. The lack of satisfactory performance is manifest in the following:

- Though in some instances, the society was initially set up on a large scale, they have later been disintegrated or reduced in size due to improper government intervention, political influence or adoption of faulty schemes. In some cases, master weavers hold all the key posts in the co-operatives and control its functioning.

- Sometimes, changes in the policies of the State Government towards the cooperatives have also been proved fatal. There has been unnecessary collaboration of the different organizations and the merging of the weaker or ill-performing societies with the stronger ones have resulted in the decline of overall performance.
- The performances of the apex societies and other marketing organizations have not been up to the mark in many instances. The organizations have been unable to collect back their due payments from the market and also failed to pay back their debts to the cooperatives. These have resulted in financial crisis for the societies who had to pay back the bank loans and wages of the weavers and other allied expenses.
- Besides these, intermittent flow of working capital, erosion of the initial capital, dues from government, fluctuations in yarn prices, and high rates of interests charged by the financial organizations, limitations of product diversification coping up to contemporary demand etc. are other problems plaguing the cooperative societies of handloom industry of the Nadia district.

The weavers' co-operatives were formed to tackle problems such as steady supply of yarn, market access and of course, employment generation. In reality, we find that its working has been vitiated by different factors as discussed above. However, this does not mean doing away with co-operative forms of organization. Indications obtained from the field survey suggest that situations can improve by adopting measures like opening of yarn depot/bank, appointing consultants for capturing markets, improvement in infrastructural supports, product diversification, skill upgradation of the weavers, realization of dues from the market and better performance by the apex societies and other marketing organizations. Similarly, it is necessary to pay attention to new group strategies in marketing and social entrepreneurship as well.



*Chapter 11:*

**IMPACT OF THE HANDLOOM  
INDUSTRY ON THE ECONOMY OF  
NADIA DISTRICT**