CHAPTER VII

SUMMARY OF FINDINGS OF THE STUDY

INTRODUCTION

The Government of India issued Industrial Policy Statement in July 1980. The statement emphasised the imperative need and importance of decentralised sector for generating increased employment opportunities for the common man particularly artisans, craftsmen, and weavers.

The notable problems faced by the Industrial Co-operatives were lack of financial resources, availability of quality raw-material, arrangements for marketing of the products and lack of efficient management. These problems coupled with the weak primary units further affected the efficiency of the Industrial Co-operatives.

In view of this, the National Federation of Industrial Co-operatives has taken a number of steps such as establishment of common facilities-cum-production centre for leather goods at Agra, opening of new branches with show room at Bangalore, opening of National Display centre at New Delhi, increase in the number of outlets in Calcutta and Bombay, Organisation of exhibitions conclusion of agency arrangement with suitable parties and big purchasers like public sector undertakings Government
Departments, etc. Besides the Federation also took effective steps in boosting export of goods produced by the Industrial Co-operatives.

For Industrial Co-operatives, also the union continued to implement a number of co-operative education projects. Lack of financial resources was the main constraint for further multiplication of the programme.

CHAPTER II

Co-operative societies can also be organised for people living in backward areas or belonging to the socially underprivileged sections of the society. People can get employment through the various projects, planned and executed by these societies and the activities of labour, capital, organisation and enterprise can be properly co-ordinated.

Co-operation as an instrument for removing disparities in the distribution of wealth has proved very effective, because profits earned by the societies are distributed among all the members on the basis of use they have made of the society, secondly, all members enjoy equal opportunities.

Co-operation also allows individual liberty and the right of private property but not at the cost of others capital is not the king in co-operation; profit earning is not the chief motive.
CHAPTER III

The First Five year plan recognised co-operation as an instrument of planned economic action in democracy, suiting to the requirement of the Government for implementing the development plans particularly for agriculturists and the weaker sections of the community. The Government, therefore, at various levels provided active financial, administrative and legislative assistance to the movement.

The same approach was maintained in the Second Five Year Plan and building up a co-operative sector as a part of the scheme of planned development was recognised as one of the central aims of the national policy.

During the Third Five Year Plan the main emphasis was given on diversification of co-operative activity.

The Fourth Five Year Plan outlined the approach to co-operative development to ensure that the opportunity before co-operatives was as large and varied as they can utilise. In later plans also, the co-operatives have been recognised as an important institutional framework to ameliorate the conditions of weaker sections, particularly in providing inputs and working as an important limb of national public distribution system. The main thrust has been on strengthening primary liable agricultural co-operatives so as to enable them to meet the composite needs of their membership, strengthening consumer co-operatives as an important link in the overall national public distribution
system, removal of regional imbalances in the co-operative growth and development of professionalised co-operative management at various levels through proper demarcation of functions, powers and responsibilities between chief executives and Board of directors, and improving personnel management policies in co-operatives and strengthening the training programmes.

CHAPTER IV

Basically development of Industrial co-operatives is a State Subject and as such the State Government have to take necessary initiative to encourage and develop Industrial Co-operatives in their respective areas. They have to make adequate provisions in their annual budgets and state plans for providing necessary inputs for the development of healthy Industrial Co-operatives in their states.

The entire community is benefited by the organisation of Industrial co-operatives in the sense that they increase the social and economic welfare of the community by helping to solve the problem of unemployment and under-employment.

The working group on Industrial Co-operatives had recommended that the existing Industrial Banks should be provided with all facilities and concessions as available to other co-operative agencies. In areas, where the credit requirements of Industrial Co-operatives can be met adequately by
setting up Industrial Banks and where conditions are favourable to their successful working such banks must be established.

The two working groups appointed by the Ministry of Industry, Government of India, on Industrial Co-operatives also recommended a policy of caution in regard to the setting up of the Industrial Co-operative Banks. Prof D.R. Gadgil was also of the view that the responsibility of financing Industrial Co-operatives should be entrusted to the Central Co-operative Banks. The working group on Industrial Financing through Co-operative Banks, under the chairmanship of Shri P.N. Damry was also of the view that the Central Co-operatives would play a very effective role in Financing Industrial Co-operatives.

The decision should be taken after considering a number of factors

(i) Whether the number of Industrial Units in the locality is quite large and that adequate share capital and adequate business would be available.

(ii) Whether there is a large potential for the growth of Industrial Co-operatives in the area.

(iii) Whether the credit requirements can be met by the existing financial agencies and

(iv) Whether the new bank will be in a position to attract large deposits.

Industrial Co-operatives are one of the best means for achieving the twin objectives of promoting employment and for modernising production
techniques. During the 1985-90 the Government of India have an allocation of Rs.20 crores for the development of the Industrial Co-operatives in the country.

The establishment of Industrial Co-operatives should also be subject to a better scrutiny than what is done at present. The emphasis upon growth in terms of number should be done away with and liability of Industrial Co-operatives properly assessed before the registration is permitted. Laws should also prescribe a minimum value of share that should be fixed so that the present problems of severe under capitalisation is largely eliminated. The value of share should be different in respect of different types of Industrial Co-operatives.

SUGGESTIONS

1. Provision of raw-material

The State Governments should take appropriate steps to provide regular supply of raw-materials and other imported articles to these societies. They should specially earmark a part of the scarce raw-materials for the Industrial Co-operative Societies.

2. Marketing Facilities

The State Government should also help these societies in marketing their products. The Government should make liberal annual contributions to the
Apex Organisations of the Industrial Societies so that they may undertake suitable schemes for advertisements, publicity and exhibitions.

3 Provision of Credit Facilities

The Central Co-operative Banks should earmark a part of their resources for financing the Industrial Co-operative Societies. The State Bank of India should play more positive and purposeful role in financing Industrial Co-operatives.

4 Need for a Single Agency

There should be only one Governmental Agency for the supervision of Industrial Co-operatives in each state. In states, where there are more than one agency dealing with these societies, co-ordination between different department should be ensured.

5 Co-operative education of members

Many Industrial Co-operatives have come to grief because of inefficient management or because the members have not been able to understand their rights and responsibilities. It is, therefore, necessary that special efforts are made to educate them in their respective roles and working under a co-operative organisation.
6 Technical Advice

The success of Industrial Co-operatives will depend on the continued supply of expert technical advice and guidance to any society.

7 Sound Capital Structure

A strong capital structure is even more important to Industrial Co-operative Societies. Industrial Co-operative Societies should be required to raise share capital from their members, which is equal to at least 20% of their estimated requirements of working capital and block capital.

8 Industrial Section in Co-operative Banks

Each Apex Bank and bigger among the Central Banks which deal with Industrial Co-operatives to any considerable extent should set up an industrial section to specialise in the problem of financing and developing Industrial Societies. The section should be manned by well trained personnel, administrative, supervisory and technical both for work at the headquarters and in the fields.
CHAPTER V

Increase in membership, is based on wages, bonus, medical allowance, housing facilities, unheavy work load etc. Members are treated as members not as workers. Sufficient freedom is needed for every member. Rules and regulation for member is liberal. All members are treated as equal not as different. "Each for all, all for each" principles are followed by Industrial Co-operative Societies.

Increase in share capital, is possible through increase in number of members, increasing the face value of shares, and increase in profitability and propaganda through more members. Members are expected to work for promoting the interest of co-operative societies.

Increase in borrowings, from central co-operative bank, state co-operative bank, and State Government. Generally, the rate of interest is low. Increase in borrowings, depends upon increase in membership.

Increase in sales, is based on production, borrowings, buyers, sales promotional activities and location of society.

Increase in profit, is based on production and sales. Sales and production is profit-oriented. Another way of increase in profit depends on membership, share capital, and borrowings.
CHAPTER VI

All Co-operative Societies should make provisions for the education of their members, officers and employees and of general public in the principles and techniques of co-operation both economic and democratic. Education and training are correlated and interdependent. Without one, the other cannot be possible. Both education and training are therefore, essential for the proper development of any society. The importance of co-operative education and training is all the more pronounced for under developed and developing countries, where literacy is at a low ebb and leaders of the movement are not fully acquainted with the principles of co-operation.

Democratic planning is essentially a special process which aims at all round development and progress of the country according to democratic principles. Planning aims at direction and not at compulsion. Planning for economic development is essentially direction or regulation of economic activity by an external authority, i.e., the state. Planning thus is an organisational effort to increase the quantity and improve the quality of resources in a collective manner and thus to bring about the development.
Conclusion

Industrial co-operative are one of the best means for achieving the twin objectives of promoting employment and for modernisation of production techniques. A scheme has been introduced by the Government of India for guaranteeing loans by approved banks to small industries including those industrial co-operatives that come within the definition of small industries. It is operated through the Reserve Bank of India. Many co-operatives have not been able to take full advantage of the facilities because many times they do not have fixed assets to offer as security, the terms and conditions of loans are rigid and the societies are unable to comply with them. Efforts should be undertaken to remove these maladies.