CHAPTER VIII

MEMBERSHIP POLICIES

The ostensible purpose for organising a marketing cooperative is to establish the most efficient agency to market agricultural produce. Economy of operation and expertness in selling are the twin factors on which a cooperative sale society hopes to thrive. All other purposes are subsidiary. But the economy of operation and expert handling of the produce will mostly depend upon the personnel of the cooperatives. Growers' responsibilities and risks are increased by cooperative undertakings. The savings or sacrifices and gains or losses which may exert a good deal of influence on the income of cotton growers probably in direct proportion to their participation in the cooperative enterprise. Therefore, membership selection is an outstanding principle of a cooperative marketing organisation.

Importance of membership selection:

To be most successful the cotton sale society must possess the complete loyalty from its members. The ideal condition under which a cotton cooperative may be operated is that of having an intelligent membership of enlightened cotton growers who realise the necessity of such an organisation, who have the patience to work out their problems, and who will give necessary support to the management of the cooperative enterprise. Not all men make good cooperators. In words W.P. Watkins the best cooperator is he whose eyes are constantly turned to the outward world in order to learn from it whatever that can be applied to make his cooperative, work more effectively.¹ The membership must be selective. The

¹ Gleanings: All Indian Cooperative Review, May 1955 P.93.
process of selection should go on even while the society is being worked and operated. The fresh societies, are likely to visualise their strength in terms of membership figures, and therefore, are prone to use the dragnet in their zeal to build a powerful group, but such an open-door policy is risky because it admits irresponsible individuals and agitators who disconcert the loyal members. Internal bickerings eat the vitals of organisation and work to destroy its merits. Of course, the principle of selective membership does not convey the neglect of cultivators who are not willing to join the cooperatives. It is advisable to study what doubts and apprehensions deter such cultivators from joining the cooperative enterprise. Education of membership is an integral part of membership selection. Similarly membership selection should not be misunderstood, as making distinctions between members by way of personal preferences and caste affiliations. Such considerations will discourage rather than promote cooperative efforts.

MEMBERSHIP QUALIFICATIONS:

Qualifications for participating in a marketing cooperative are designed to give it a necessary command over membership. Bye-laws of a typical Cotton Sale Society relating to membership are given below:

1. Bye-law No. 6(a) of the Sonsek Group Cooperative Cotton Sale Society Ltd.

"There will be two classes of members 'A' and 'B'. 'A' class of Member should have -

(a) Purchased at least one share of Rs. 20/- each,
(b) Should be from the stipulated area of operation,
(c) Should have paid the admission fee of 4 as., and
(d) Whose written application for membership has been approved by the majority of membership of the Managing Committee, and,
(e) Whose age is more than 18 years. 'B' class of membership should have all the above qualifications except that he should have purchased at least one share of Re. 1/- each.

Area of operation differs from society to society. The admission fee varies from annas four to one Rupee. Other qualifications are in conformity with the provisions of the B.C.S. Act. The condition that the application of membership should have been approved by the majority in the Managing Committee, renders scope to the cotton cooperative for membership selection. It is further provided by the bye-laws that so long as the applicant is a member of a similar cotton sale society elsewhere he will not be admitted to the membership. The application should be accompanied by the admission fee and the amount of share. 'B' class of membership is designed to encourage the experienced and trained personnel to come in when such members are not cotton growers but are interested in giving the advantage of their skill and training in sales operations. However, there is a limit fixed to the number of these non-agriculturists members. ²

Rules regarding withdrawals:

Cotton cooperatives control the influx and the exodus of members from their organisations by rules concerning the withdrawals. Rule No. 8 of the Byelaws of the Sonsek Group Cotton Sale Society laid down that "any member can leave the Society either before or the Annual General Meeting is held, or within thirty days after it has been held, by giving a due notice or resignation. No member can resign, after thirty days from the date of the Annual General Meeting until the time, when the

1. Bye-laws No: 6 (b) & 7 of the Society, op.cit.
2. See on next page.
society will distribute the average price of the cotton per bhar for the season. The retiring members should have no other liabilities or owings to the Society."¹ Some cotton cooperatives do not specify the number of days, but only disallow any such withdrawal after the season of cotton i.e. ginning, has commenced. The Byelaw No. 9 of the Hansot Group Cooperative Cotton Sale and Seed Supply Society states that any member can withdraw his membership before the ginning season is commenced or before the date that the Managing Committee may fix, and after the season is completed, by giving a due notice to Managing Director provided that he has paid all his dues towards the society and has freed himself from any other responsibility such as surety for others etc.² Thus the tendency on part of such 'Fair weather Cooperators' who may take the advantage of loan during the cropping season and drop out when prospects of selling cotton at better prices to private interests tempt them to do so, is discouraged. The season begins, in different parts of South Gujarat at different times, with the interval of a month at maximum.³ Ordinarily, the season for sale is supposed to have begun by the end of January when pickings are started. Season for each cotton Sale Society is supposed to last till, the last transaction of the sale of cottonseed, is done, and the amount of total sale proceeds is available. This work extends to the beginning of July, by which

FOOT NOTE OF LAST PAGE:
2. According to Byelaw No. 8 of the Hansot Group Coop. Cotton Sale and Seed Supply Society, their number should not exceed more than 1/4th of total membership.

1. Clause No.8, of the Byelaws P. 3.

2. Page. 5 of their Bye-laws.

3. See 'When Season Opens', Chapter IV, Page 13
time preparation are afoot for fresh sowings for the next season. Therefore, withdrawals are permissible only during July and November. Of course, every one who withdraws may temporarily lose his equity in the reserves that he has helped to create. But this restriction checks an 'in-and-out' policy of a few who join, when conditions are favourable and drop out when they are unfavourable.

When can a member be dispelled from organisation:

Rights of membership can be forfeited for specific reasons if the activities of a member-grower are against the interest of society. Bye-laws of the Sonsek Group in their clause 9 lay down that, "An ordinary meeting of members can remove any member from the society by a 2/3rds majority if the latter is found (a) to have committed a breach of byelaws or of resolutions of the managing committee; (b) to have cheated the society by giving false information; (c) to have been declared as insolvent or insane by the court of law and (d) to have so behaved as to cause loss to the society. The managing committee is to give notice of such forfeiture of membership and shares of the member concerned. Clause No. 10 empowers the committee to impose a fine of Rs. 10/- in maximum for each breach of some other rules of minor importance.

Membership contract and the rule of major importance:

The membership contract is an instrument that legally binds a member of a cooperative sale society to deliver for sale, all the produce that he may grow during the year, to the society. Disposing of it in any other way without the permission of society makes him liable for penalty. While on one hand this restricts
the freedom of a member in the disposal of his produce, there are on the other, sound economic reasons for its enforcement. Unless a society is assured of a reasonable volume of business it will be unable to perform the marketing services with any great economy. Provision of pooling, grading, weighing, ginning and warehousing facilities pre-supposes an adequate size of the total produce, otherwise a cooperative sales organisation is not likely to survive the competition of traders. In the U.S.A. membership contracts are considered the 'sine qua non' of marketing cooperatives. The cooperative laws in that country, differ from state to state and cotton cooperative associations are state-wide with a vast territorial jurisdiction. The question of size of business cannot be left therefore to a mere oral understanding. Besides, such ambitious designs require some period to prove their worth. Therefore the tendency in the U.S.A. is to cover the first few years of the life of marketing society by andiron clad agreement but to allow at later stage the annual self-renewing contracts.\textsuperscript{1}

The cotton Cooperatives of South Gujarat do not execute a separate contract with their members, but have incorporated in their bye-laws a binding clause, which makes all the members liable to deliver all the quantity of cotton produced on their farm, whether as farmowners or tenants. Clause 11 of the byelaws of the Sonsek group Cooperative Cotton Sale Society provides that "No member can take away any part of his crop for selling outside, nor can any member bring any crop of others, members as well as non-members', bought or gifted, for sale through society. Any

\textsuperscript{1} Herrmann and Gardner: Early Developments in Cooperative Cotton Marketing - F. C. A. Washington D. C. Page 33. See also B. Forester "Report upon Large Scale Cooperative Marketing in the U.S.A." P. 80
crop other than cotton for the sowing of which a member might have taken loan from the society, will have to be sold in a way and through a channel directed by the society. If a member comes from a joint family, no member of that family can take away any quantity of the crop produced by the family for sale, outside the society, for which the member himself will be responsible."

The breach of the above rule, is to be penalised by the Managing Committee by (a) imposing a fine upto Rs. 100/- and forfeiting the subscribed share or shares in lieu of that; and (b) filing a suit in the court of Law. The above rule is the most important ingredient of the bye-laws of all the sale societies, and under Sec. 71 Clause 'd' of the Bombay Cooperative Societies Act the state government is empowered to prescribe such condition to be complied with by persons applying for admission or admitted as members. The limit of amount of fine varies from Rs. 50 to 100. That is left to the discretion of the society otherwise the rule is uniform for all the cooperatives.

Its Economic and legal significance:

The economic and legal significance of the member's binding for sale through society, is quite evident. Under the economic value of the rule the following are the important considerations. In the first place, it assures the cotton sale society the continuous support of its members which is so vital for the success of a cooperative enterprise. Any business done outside the cooperative is inevitably in competition with it. Apparently, such continuous support can be ensured by enforcing a binding upon each member. This eliminates the opportunists who use their membership merely to strengthen their bargaining power with private cotton dealers,
and care very little for the genuine improvement in the marketing system. A continuous delivery of the crop to the society, by its members, renders permanency and stability in the organisation which indiscriminate deliveries would not accomplish. Secondly, it helps to reduce the assembling, processing and selling cost and gives the advantage of bulk handling. Thirdly, the society is enabled to plan its sales policy in advance, when it knows how much crop is likely to come up for sale in the season. Finally it enables the society to borrow funds on the strength of the saleable stock. Legally the breach of this rule, entitles society to recover liquidated damages in payment for the estimate of the harm done to the society's business. The society can secure the injunction from the court of Law, preventing the producer from marketing his crop through any one other than his society. The private dealers, interested in obtaining the produce of members are discouraged from doing so.

Members' attitude and the principle of voluntarism:

However, in a cooperative sale society the significance of such binding depends upon the member's attitude towards it. Compulsion is inconsistent with the very idea of cooperation which is inherently, a mutual and free relationship. Cooperation ceases to be cooperation as soon as it uses methods of coercion and force. 'Involuntary Cooperation' is a contradiction of term. Voluntarism is an important principle of cooperation signifying that individuals are free to join or not to join. Compulsion in the opinion of Jack Bailey, is always a confession of failure. Louis Petroff,

believes that voluntary participation preserves and develops the freedom of the individual which is a fundamental aspect of the democratic way of life.\(^1\) However mutual agreement with the sense of responsibility to honour them are welcome but, the success depends upon the spirit of the members agreeing to honour binding because an agreement is worth no more than conscience and conviction of the members who made them. The facility that a member can withdraw from the society, on due notice given before the commencement of a season provides a sufficient safeguard for his fundamental right of voluntary participation.\(^2\) It has on the contrary a sanguine effect on the work of cotton cooperatives because the societies have to justify continuous support of the members, by their efficiency and high standard of work.

**Limitations of 'binding to patronise the society':**

No amount of binding will hold the membership together unless the organisation justifies its existence, because human understanding about the ideals of cooperation has not developed to a pitch at which a temporary gain, offered from outside may not obliterate their vision to the permanent values of cooperative action. Therefore, voluntary membership, though advisable, is not practicable. The opponents of the cooperative system, take the full advantage of human weakness and tempt the speculative farmer with offers of high prices as means of beating the competitors. When the cotton sale society is young such occurrences are frequent. For instance, multipurpose cooperatives of Zagadia and

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2. See 'Rules regarding withdrawals' in this chapter, Page 34.
Nandod talukas, which have taken to the cotton sale since last two years, find that quite a good section of cotton growers do not bring kapas to the society. In some cases, one finds that a member may dispose of a part of his cotton to dealers and the rest through the society merely to retain his membership. Reverse is also possible. A non-member grower may bargain with a member of cotton sale society, for disposing of his crop, in the lot of the latter. Such instances were more frequent in eastern talukas such as Balsana, Kamrej, Mahuwa, Mangrol etc. Thus the binding is meant for the majority and not for those who fall prey to a competitive fire. The binding will act as stabilising force only when a majority of members are convinced that the cooperative principle leads to their ultimate good. Such conviction, which alone can hold them together, calls for special efforts on part of the management of the cooperatives in securing successful returns of the business. For those who are likely to be impatient in securing gains through cooperatives compulsion works well.¹

Closure of membership and readmissions:

Bye-law No. 12 of both the Sonsek and Hansot group cotton Cooperatives point out the circumstances leading to the closure of membership. Membership ceases, by (a) death or insanity (b) the acceptance of the resignation by the Managing Committee (c) the surrender or the transfer of all the shares held (d) by forfeiture of the membership and the shares, when the member concerned is

¹. Such compulsion in deliveries of crop is a vital part of the byelaws of the Danish Marketing Cooperatives also. Christensen C.L.A.: Agricultural Cooperation in Denmark. Page. 13.
dispelled under the Rule No. 9, (e) and whose dues, owed to the society, have been recovered by a decree of the court. When a member withdraws before the opening of the season on giving a due notice, his paid balance of the share is refunded. In event of extermination of membership owing to breach of rules or recovery of his liabilities to the society through the order of the court, the member is question is not readmitted, unless the southern Gujarat cooperative Cotton and Ginning Societies Union approves of such readmission. This provision, as per bye-law No. 13 of the Sonsek Group is not found in the bye-laws of most of other cotton cooperatives. That means the readmissions are left to the discretion of managing committee.

DEmOCRATIC REPRESENTATION:

The principle of Democratic Representation is based upon the general principle of equality applied to a cooperative organisation. No other principle has greater significance for the membership than this. Its origin is in political democracy, which gives equal franchise to all. It revolts against monarchical despotism as well as capital concentration noticeable in the structure of capitalistic organisation. In cooperation, economically weaker classes have sought to free themselves, by assuring for them not only political equality but also economic equality. Cooperative practice as defined by John Graham, means "An equal right of members to participate in the organisation and an equitable sharing in the benefits accruing".¹ In capitalist concern the apparent democratic organisation is super-controlled by the status of stock-holding. Cooperatives prevent the rise of capitalist control by three provisions. Viz.

¹. Graham G. : Review of International Cooperation, No. 43, P. 89.
(1) Limited number of shares per member, (2) Fixed dividend paid for share capital, and (3) Limited voting power.

**Limit on Share-holdings:**

Bye-laws related to this provision in case of cotton cooperatives lay down that, "Value of each share held by "A" class member shall be Rs. 20/- and of that held by a "B" class member shall be Re. one; shares for "A" class will be called up by instalments as fixed by the general meeting but shares of "B" class will have to be paid immediately; 'A' class member will not be holding more than 50 shares, and "B" class member not more than one share each.¹ The limitation of shareholding is meant to broaden the scope of membership and to encourage more members to join the cooperatives. Share values are deliberately kept at smaller denominations, to suit the pockets of lower income groups. Shares of a cooperative organisation are not openly saleable. Transfer of share from one to another member is permitted provided that the name of transferee is approved by the managing committee and the said transfer is recorded in the society's register on payment of the appropriate fees. 'B' class shares are neither transferable nor eligible for dividends. Any member desiring to sell his share will not be able to do so, except surrendering the same to his society in exchange of the face value. Rights of Shareholdings can be assigned by written will submitted to the society to a legal heir, for which a fee of as. 4 will be charged.

All these provisions are calculated to regulate the quality of membership. As all the members are admitted to membership on their application being approved by the managing committee it is but natural that a free sale or transfer of share holder's rights should be restricted.

**Fixed dividend on share capital:**

Section 38 of the Bombay Cooperative Societies Act of 1925

¹ Foot Note on the next page.
flatly lays down that no society shall pay a dividend\(^\frac{1}{2}\) to its members at a rate exceeding 6\(^{\frac{1}{2}}\) per cent. Prior to 1925, the dividend of some cotton sale societies varied between 7 to 9 per cent. Since 1926, most of the cooperatives are paying 6\(^{\frac{1}{2}}\) per cent or less as the dividend to share-holders. The limit fixed on the returns on the capital investments in societies establishes the principle that it is a man and not money that is more important in the field of cooperation. Thus the personal rights are placed above property rights, as they are in all truly democratic association.

Equal voting privilege:

No member has more than one vote, irrespective of his financial interest in the cooperative society or in the amount of produce delivered to the society.\(^1\) The 'One man - one Vote' principle is incorporated in the Bombay Cooperative Societies Act. Section 18 of the Act, states that, 'No member of any society shall have more than one vote, in its affairs, provided that in case of an equality of votes the Chairman shall have a casting vote. Where a share is held jointly by more than one person, only the person whose name stands first in the share certificate shall have the right to vote.' Voting by proxy is not permitted with a view to evoking on part of members personal interest in the affairs of the society.

Disabilities of 'B' class members:

Right of voting is denied to 'B' class of members. Further disabilities of this class of membership are that they can only

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FOOT NOTE OF LAST PAGE.
2. Bye-laws Nos. from 22 to 25.
attend the general meeting and take part in discussion but they cannot give vote or hold any office in the management of the society. Nor are they eligible to claim loans during the cropping season. They can however, get an advance against the sale proceeds of the crop delivered by them to society for sale. 'B' class member can become 'A' class member by purchasing 'A' class share and without paying fresh admission fees. 'B' class members are nominal members with limited responsibilities and limited privileges. They have no share in the profits or in the management of societies and are not subject to any liability in case of the winding up of the society. Nominal membership is provided by the Act, only to admit such individuals in society as cannot be otherwise admitted as fullfledged members. e.g. Non-cotton-growers, selling cotton. This class may be helpful in the working of society either through their general guidance or some other special qualifications. Sometimes, youngsters of the families of 'A' class members are made 'B' class members for the sake of convenience in legal formalities.

Limitations of 'Democratic Control'

The democratic principle of 'One vote per member' sometimes slows down the needed efficiency especially where economic status of members vehemently differ. In large sized marketing cooperatives largescale and well-to-do growers feel that they should not grant smaller growers the full control over the handling of their crop. Patidars of South Gujarat find their economic superiority in conflict with the general poverty of Kolies of western border, of Rajputs of the northern interior and of Bhils and Adivasis of

the Eastern regions. Of course, the enlightened cotton-growers have the stronghold of the movement of cotton-cooperatives and other classes have almost subdued to the former. Yet one finds veiled rivalry between native Rajputs of Zagadia and Valia Talukas, and Patidar families settled in that area. Similarly, the competition among patidars and Kolies exit, in the Olpad, Chorasi and Mangrol talukas. Mahuwa, Navsari, Gandevi and other talukas of South group demonstrate the rivalries between Patidars and Anavils, two powerful communities of South Gujarat. Adivasis and Bhils are gradually gaining consciousness against the supremacy of these two well-settled communities.

Despite the wide acceptance of the principle of democratic associations and care exercised to preserve the same, one feature of voting is often neglected i.e. the failure of members to vote. The true cooperative organisation not only warrants equality in voting power but also implies the intelligent exercise of the voting privilege. Of course, not a single cotton sale society or multipurpose society visited by me could give the dependable figures of attendance at the yearly meetings beyond a gross percentage. It is however, gathered from their information that the attendance is greater in the west-group, varying between 60 to 80% and less in the Northern and Southern Groups varying between 25 to 50%. These are rough impressions. Lack of

1. In the U.S.A. where such differences are significant, the voting power in the marketing cooperative organisations are based on patronage basis i.e. According to the units of products, delivered to the society for sale. Bakken and Schaars: Economics of Cooperative Marketing: Page, 155.
interest, lack of grasp of the meeting procedure, distance from villages where meetings are announced to be held, poor choice of hours for meetings and other reasons keep members away from voting. As Blankertz opines the responsibility for this apathy must also be shared by the managing committee. This obviously defeats the aim of democratic control, however thoughtfully it may be provided by the Act or by the Bye-laws of cooperatives.

Need for 'Well-informed Membership':

Democratic control requires well-informed membership. In order to vote intelligently members must be well informed as to the cooperative principles and practices, matters of business policy and the objectives of sales organization. They must realise the weakness of their organisation as well as its potentialities. Unless they are well informed of the activities of the organisation, they cannot have confidence in the management. Intelligent leadership and loyal membership are essential requisites of the successful democratic control. It is therefore necessary to educate the membership rather than to increase gains by securing new members. The annual reports of the Cotton Cooperatives are, in this respect, very poor in giving factual information and only indulge in figures and accounts in too great a detail normally overlooked by an average cotton grower. Reports as such state nothing more than a rise in the membership and total sales effected during the year. Reports do not refer to any important occasions or events in life of the society, or do not contain any instructions to members as regards with care in preserving the purity of crop, value of timely deliveries etc. There should be more

occasions of closer contact between management and membership, beyond yearly meetings. Gathering facts about market, interpreting them and passing them on to members as quickly and clearly as possible stimulate loyalty and provide a basis for intelligent membership relations.

**MEMBERSHIP RELATIONS:**

The term 'Membership relations' when loosely applied denotes something alien to the public relations of a cooperative organisation with the individuals in its area of operation; but in cooperative vocabulary it has a definite meaning. Membership relations are defined as 'The relationships required to bring about the necessary two-way flow of information and responsibilities between the members and management of agricultural cooperatives.' Establishing and maintaining this two-way flow is the membership relations programme or what is known as "membership policies of the cooperatives." The success of any business venture if the common rules of business organisation are observed, rests with the persons who are identified with it. When cooperatives are formed hastily and imperfectly as a result of sudden reaction to split in membership of old groups, the farmers who become members, cannot be expected to be fully appreciative of the need for a fresh organisation. On the other hand, it is the common fault of many 'old' and established cooperatives to be so deeply absorbed in the routine business of 'assembling and selling the produce that they over-look the more vital task of a marketing cooperative, i.e. developing and

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retaining membership. The rise in membership figures is an external manifestation of the growing popularity of a society. But it is more important to study, why members join the cooperatives, because on that depends the quality of membership. It may also provide a clue to understand why if at all, membership fluctuates. Natural corollary of this study, will be to ascertain why a number of those, who are yet selling their crop through ordinary trading channels, do not join the cooperatives. Let us first see how the membership of cotton cooperatives in the South Gujarat has progressed.

(Table No. 33 is on Next Page)
### Membership of Cotton Cooperatives

**Table No. 53**

Figures of Membership of the prominent Cotton Sale and Multipurpose Societies during years 1948 - 1956

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The above table can be considered as indicative of the general trends in the membership of cotton cooperatives. The general tendency is towards increase, supporting the conclusion that cooperative sale is finding increasing favour with the cotton-growers. Factors of growth, contributing to the rise in number of Cotton Sale and Multipurpose Societies have been already discussed in previous pages. It is pertinent, at this stage to make some closer observations of membership figures. As will be seen from the above table, membership of some of the cotton Sale Societies, shows fluctuations, despite the overall picture of general rise. Although, such fluctuations are limited and hence not to be taken seriously, they at least, deserve to be accounted for.

Fluctuations in Membership:

Unsteadiness in membership may not mean outright withdrawals from the society, with determination of not joining any other. It is usually observed that once, a cotton-grower is habituated to the conveniences and facilities of cooperative marketing he hardly reverts to the earlier method of selling direct to a cotton dealer unless he sees a definite gain in the bargain. In my inquiry about the reasons for the fluctuations in membership, if any, I have been able to list the following factors, accounting for the same.

(1) The failure of harvest and urgent need for cash, lead farmers to resign with a view to get back at least the share money from the society. Such occurrences were frequent before the cotton Sale Societies began granting credit for the cultivation purpose. Recently, withdrawals on this account are nil. (2) Decline, in
case of some cotton sale societies is due to rise of new societies out of the old.\(^1\) Owing to split in management, there arises also a recession in membership, as some members resign to join the new group of their choice.\(^2\) (3) Where some members are the tenant cultivators, and are deprived of their farms, either temporarily or permanently, they have to resign as they are rendered landless and cease to be cotton-growers. (4) Rise of a new Cotton Sale Society or a Cooperative Cotton Gin, in the neighbourhood, may lead some cotton growers to leave their association with the distant societies and to join the nearer ones for sake of convenience. e.g. The setting up of a branch ginning factory at Olpad and Sayan led to diminishing of membership of some groups and additions to that of societies, operating at the new ginning centres. (5) Sometimes members resign one society and join the other in the same area for the reason that the latter one may have provided larger rate of granting loan per acre. Such instances are more in case of Cotton Cooperatives of Mangrol taluka. (6) The last factor often influencing the membership is the group affiliations. Those who are familiar with the psychology of rural masses, know how a leading cultivator in a village can bring with him more members, while joining a particular organisation and how, when he withdraws all those who joined along with him, desert the society in his sympathy. In such cases, the

1. See 'Off-Springs' Chapter VI Page. 270

2. See Table No. 28 giving the comparative view of membership of the 'Sonsek', 'The Talad', 'The Asnad', 'The Olpad', 'The Sandhie' and 'Gothan' groups - Chapter VI Page 372
followers rarely pause to show any sense of discrimination. e.g. The rise of The Sialaj Group in 1951 from the Mulad Cooperative Cotton Sale Society and that of Velacha out of the Shenthi Group in 1941 bear testimony to this tendency. The Patel Brothers gin-press Factory, at Bardoli has allegiance of one 'Astan' group due to similar reasons.

Instances of the opposite tendency are not lacking. More often than not, one finds that membership continues from father to son. This is more true of senior cooperative societies as in Olpad, Chorasi and Mangrol talukas. Thus, when younger generation takes over the reins of the society's affairs it adds life and vitality to it, by their zeal and energy.

Why Cotton-growers join the cooperatives:

Membership relations will be adequately strengthened if cotton cooperatives will endeavour to consider the factors that prompt cotton growers to join the cotton sale societies. Such study, which is conspicuously lacking in our country, will reveal the genuineness or otherwise of the foundations on which our cooperative movement is based. The following Table presents the proportion of Cotton-growers selling cotton through the cooperatives with those not utilising the cooperative agency, as found in the present survey of 99 villages.

(Table No. 34 is on the Next Page)
### Table No. 33

Figures of Membership of the prominent Cotton Sale and Multipurpose Societies during years 1948 - 1956

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The composite conclusion, from the above figures is that out of 821 cotton growers, interviewed from 99 villages of South Gujarat, 472 i.e. 58.7% were recorded to be members of the cotton cooperatives while the rest 349 i.e. 41.3% were found to be selling their crop, direct to gin press merchants and traders. Thus the coverage of cotton cooperatives is quite commendable. Considering the comparative position of various groups one observes that the Western Talukas have achieved maximum progress with 86.3% farmers selling cotton through cooperative societies. In the East group except the Bardoli taluka, the progress of cooperative marketing of cotton is negligible. Vyara, Valod, Sondagh and Navapur talukas show complete lack of cooperative sale of cotton. As regards the North group comprising talukas of the Broach District, the progress is more marked in Hansot taluka, where 78.8% of the cotton growers were found to be members of cooperatives. Next in importance is Valia followed by Zagadia, Ankleswar and Nandod where cooperatives have taken the sale of cotton only since the last two or three years. In the South group the major share in the cooperative sale of cotton is shown by Navsari taluka. As already pointed out in the chapter on 'Surat Market' the majority of independent dealers of cotton, obtain in the Northern and Eastern areas, whereas, their activity is much reduced in the Western region of South Gujarat. The progress of cooperatives is all concentrated between Hansot in the North to Navsari in the South and from Surat in the West to Bardoli in the East.

**MOTIVES BEHIND MEMBERSHIP:**

In reply to the questions No. 9 and 11 of the questionnaire issued to the cotton growers I could procure the information about the motives with which they chose to join or not to join cotton
cooperative sale societies. Out of 472 who were members of coope-
relative sale societies, 330 i.e. 69.9% stated that they had joined
with a view to get better price for cotton; 62 of them did so,
'to free themselves from the clutches of traders and preserve
self-respect'; 27 had become members because 'their friends and
associates had joined the cotton cooperatives'; 32 preferred to
join for credit facilities; 9 stated that they had to join, as
'no other alternative was left since most of the cotton growers in
their village had joined and no trader ever turned up to that
village for buying cotton; and only 12 expressed their opinion to
have joined 'because of theirs being convinced of the cooperative
principles'.

These answers may not tally with those, that cotton
cooperatives may forward to explain their patronage by members,
but they, necessarily, signify the motives behind membership.

I. Desire to gain better price:

The personal economic advantage is universally common to
all men and it is in no way a matter for surprise that majority
of the cotton growers chose to join cooperatives, with a view
to securing better prices through collective efforts. Thus the
principal consideration is the financial gain. All other
1. Replies to the question No. 9 of the questionnaire issued to
cultivators of cotton. For specimen see Appendix II (A). Similar
inquiry, conducted among the cotton farmers of one district, in
the U.S.A. revealed that 141 out of a total of 594 farmers inter-
viewed, joined to 'Obtain more money for cotton'; 130 believed in
the idea of cooperation; 113 thought that the cooperatives would
improve agricultural conditions, 111 wished to secure better market-
ing services, and other gave sundry reasons for joining. Manny T.B.
"Farmers' experiences and opinions as to factors influencing their
cotton marketing methods." U.S. Department of Agriculture, Cir. 144
1931, P. 27
considerations are secondary. Evidently, it bestows on the management of cotton cooperatives, the main responsibility i.e. to excel its competitors in marketing, in securing maximum gain for their members regardless of other social considerations. Hence a marketing society must succeed as a business institution, lest, membership may diminish in favour of competitive lines of marketing. Another inference, that one can draw from this approach of most of the members is that in times of adversity or of depression in prices of cotton sold by cooperatives, members might desert their societies. The ultimate price of cotton depends upon the market forces rather than upon any policy followed by cooperatives and so far as traders can dodge with the market forces, which cooperatives due to their collective responsibility cannot obviously do, cotton grower can always be tempted to break away from the society for a higher price offered by traders. There is however, a third possibility. i.e. Shift in membership among cotton cooperatives themselves. For instance, at the Kosamba and Chalthan centres, there are a few members, who leave one society to join another, for the reason that the latter could declare a higher average price in a particular season. However, base-less may be such shiftings, they impell each society to be scrupulously 'Clean' in management and 'Skillful' in selling.

II Freedom from traders' clutches, and preservation of self-respect:

As already pointed out while discussing the factors, responsible for the rise of cotton cooperatives,¹ cooperatives are an out-growth of unfair and humiliating treatment by private dealers, whose malpractices have forced the cotton growers into cooperative organisations. Self-respect and freedom from

¹. See Genesis of Cotton Cooperatives in South Gujarat - Ch.VI. p.347.
deceit are natural motives. A trader is not ordinarily expected to be 'Clean' in his relationship with illiterate farmers unless forced by circumstances. The growing popularity of cotton cooperatives and the goodwill earned by them with the spinners and buyers from terminal markets, have greatly influenced the morals of business. As we have seen the cotton dealers cannot afford to assume the same arrogant attitude which their predecessors did three decades before. Now traders have to justify their existence in market on the merit of their services. The motive of selfrespect, has one special significance for the cooperatives too. Managers and other officials of the cotton cooperatives have to bear in mind that selfrespect is ultimately going to be more valued by their members, than the desire for economic gain. Consciousness of social status is a direct result of economic emancipation particularly so with younger generation. The spread of education is going to promote greater responsiveness towards collective efforts. The air of 'Supremacy' that usually overwelms a manager of a big gin-press factory, may be cooperatively owned, is likely to perpetuate the old evil of oppression and humiliation. The earlier, the realisation of this on part of managers of cooperatives, the better it is for the smooth membership relations.

III Social and Economic Inter-dependence:

The life of the agricultural communities in Indian Villages is closeknit, and its components are dependent upon each other in several ways to make rural life worth while and profitable. Neighbourly sentiments are more developed in villages than in towns as the agricultural operations are scarcely completed by labour drawn from a single family. Association of work nourished
association in thinking and hence it is not infrequent to come across the instances of 'A' joining the cooperative society, because his neighbour 'B' has joined or inversely, 'A' has left it, as his trusted leader and guide 'B' has severed connections with a certain society. When a farmer hauls his cotton to the cooperative society's gin, the neighbour, while lending his bullock cart does get a de facto account of the cooperative marketing of cotton. Very likely, he requests his friend to deliver his kapas too, to the society on the latter's name. Doing 'this 'One Good Turn' creates one more prospective member for the cooperative. From the point of view of the grade of cotton and member's honesty this may not be welcome, but it does contribute to the rise in membership. The rise of the 'Sialaj' group cotton sale society out of the 'Mulad' group, operating at Kim and the formation of 'Velacha' group cooperative, out of the 'Shenthi' cotton sale society of Kosamba, are typical examples of rural psychology, pointing out how a section of members get away from the organisation, on withdrawal of a manager or a committee member from the same. In such instances, there is a distinct preference in favour of certain personalities, with whom probably members have grown economic and social ties. Common temperament or caste affiliations or religions or even political views may act as a unifying force. But that is the life in rural India, no better, no worse.

IV Need for Credit:

Credit during the cropping season, is the main bondage, with which a trader in village market tries to keep cultivators

1. See "Split over Management", Chapter VI Page. 308
entangled as permanent sellers to him. The cotton cooperative, of course, is a purely sale society, but with a view to secure control over farmer's crop, it was essential to relieve him from his financial obligations towards the trader. Thus to make cooperative marketing a success, credit had to be linked with marketing. Bye-laws of cotton cooperatives provide for credit facilities to be given for the cultivation purposes. The need for credit was greater in recently merged areas of the old states, such as Zagadia, Mangrol, Kamrej etc. In Mangrol taluka, cotton growers had to procure credit with heavier cost, as, besides the exorbitant rates of interest, dalaals' commission had to be given. The regulation under the Bombay Moneylenders Act of 1946, and the Bombay Agricultural Debtors Relief Act of 1947, has limited the scope of private money lending and cotton-growers had to join the cooperatives to meet their credit requirements. It appears that, this was the main consideration weighing with cottongrowers of the Mangrol taluka where the malpractices in money lending were rampant. Now all the cotton cooperatives provide for loan during the season at varying rate of Rs. 30 to 40 per acre for the ownercultivators, and Rs. 15 to 20 per acre for tenant cultivators. However, as the rates vary from society to society, the instances of resigning from one to join the other for the benefit of a higher rate of crop-loan, are frequent. It has been noticed that cotton cooperatives of the Mangrol taluka have more often experienced this tendency on part of their members.

V Joining out of 'No Alternative':

A few of the members, come in the fold of cooperatives by the force of circumstances. For instance, in a small village of about 50 families of cotton growers, 48 may have joined a certain
sale society while the remaining two, especially if they are small cultivators, will not attract the agents of gin-press merchants, for buying their cotton. To take cotton, to the gin voluntarily, is obviously not in the interest of seller as traditions in South Gujarat is for buyer to approach the seller. Hence no other way is left for them except to follow the majority. Out of nine cotton growers, who reported to have joined cooperatives under the pressure of circumstances, 4 were from Kamrej and 5 from Mandvi talukas. When non-members are in minority, they either derive a benefit out of their minority position specially when traders are keen to collect cotton, or have to fall in line with the member-growers, who are in majority.

VI Belief in cooperative principles:

Only 12 out of 108 cotton growers interviewed from the Olpad and Chorasí taluka, expressed their belief in the principles of cooperation, as basis of membership. The conviction of principles results out of continuous practice of certain ideology, and not that every member is prompted by a selfish motive. Man is a social being and his life is made richer by association, and in order to benefit from the same, he is ready to subordinate some of his selfish impulses, while contributing something towards the welfare of the group. Admittedly, such men are in minority and a rare minority, but they forgo their immediate personal desires in order to give the benefit of their talent, or at least a support to some social cause. They gradually realise that the result of collective efforts often exceeds their expectations. For instance, the Dhaman Multipurpose society of Navsari taluka which has been always paying the highest average price for member's cotton,
had its members who continued their patronage to the society in
good as well as bad years. Trader's offer for higher price
could not tempt them; and one 'Bhakta' family is managing the
society's affairs since one generation without any remuneration.\footnote{1}
One benefit of cooperatives, is quite clear, i.e. they evoke the
social awakening of the groups within a society. Members develop
a finer sense of social obligations as their organisations mature.

**VII The urge for activity in hope of recognition:**

Though not expressly stated, there is yet one more factor,
that has been recently prompting membership i.e. self-esteem.
One of the impulses of man is to strive for recognition. This
motive stands next in importance once the economic and social
consciousness have grown. The enthusiasm with which contests for
election to the Managing Committee of the Cotton Sale Societies
are fought, the attempts to magnify the mistakes of those who
are in charge of the management, the bids and challenges given
to secure higher prices are illustrations of this urge of man to
obtain social recognition. This is a development of the past 15
years and is restricted only to Hansot, Olpad, Chorasi and Bardoli
talukas. Of course, the political motives are largely at the

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\footnote{1} Talking of similar spirit on part of cotton growers in the
southern Mississippi area, Herrmann and Gardner state that ..."Hundreds of growers believed in cooperative marketing and joined
an association because of this belief. ...... Many times they
have overlooked immediate monetary returns because of their
belief in the cause of cooperation and its ultimate benefits...."Early Development in Cooperative Cotton Marketing' Page. 28.

\footnote{2} At the General Meeting of the Hansot group Cooperative Cotton
Sale Society for the 1954-55 season two rival groups broke away
to meet separately and loud speakers to be used to address the
gathering of members.
of the leaders of cotton cooperatives are local workers of the congress party of India. The hope of recognition is always accompanied by the sense of honour. The sense of honour, often provides a fairly satisfactory substitute for the desire for better price; or at least supplements it. Men feel honoured when their names appear as members of the Managing Committee, or as Chairman, Vice-Chairman, Manager &c. Every body likes his name to be remembered by others. So strong is the desire for self-honour that it has created a band of selfless workers among cotton growers. For instance, Sarvshri, Dayaljibhai Patel, Y.R.Joshi, Lalbhai Naik, Makanji Patel, Prabhsingh Mahida, Desaibhai Patel, Gopaljibhai Patel, Manilalbhai Modi, Lalubhai Naik etc. The honour may or may not be accompanied by an emolument, but there has definitely been earned psychic income. However, sometimes this very sense of honour works harmfully, when cooperatives are split up owing to group rivalry to form smaller societies. Rise of the Sandhier and Talad out of the Sonsek cotton sale society, the Olpad group out of the Gotham cotton sale society, the rise of Velacha out of the shenth1 society, are the illustrations showing how off-springs arise, on account of keenest competition to participate in the management. Proper technique in dealing with members can change the membership moral and eliminate friction and clashes which sometimes lead to separatism and split-up of societies into a number of small units. The selective membership policy and democratic representation to the views of all can prevent subsequent bickerings.

MOTIVES BEHIND NOT JOINING THE COOPERATIVES:

In reply to the question No. 11 of the questionnaire, issued to cotton growers and to question No. 9 of that issued to the cotton sale societies, reasons for not selling cotton through cotton cooperatives were recorded. Out of 821 cotton growers interviewed 349 i.e. 41.3% were found to be selling direct to traders. Out of them, 263 farmers preferred to sell direct to traders for the reason of 'Immediate receipt of price'; 17 replied that they were 'Connected with traders'; 46 stated that they got 'Liberal Credit' from the traders, and 23 sold on the condition that they should be paid the same price as the local cotton sale society would declare to its members. Let us consider these arguments in details.

I Demand for immediate payment of price:

The main reason that keeps most of the non-member cotton growers, out of cotton cooperatives is their disagreement with the method of settlement of accounts adopted by the cotton sale Societies. It should be noted that the cotton cooperatives function on the agency basis. They are marketing societies and not purchase and sale societies. There is an agency relationship between the members and their societies and as bye-laws require, the cotton sale societies have their expressed objective of undertaking to pool, and sell members' cotton at highest price possible with the least cost and to distribute the saleproceeds after meeting the cost among the members at the average rate according to the quantity delivered.¹ Evidently, a Cotton Sale Society cannot calculate the average price rate until all the

¹. Clause 1 of the Objects in Byes-laws of Cotton Sale Societies.
stock deliverable by the members is sold out and season's total expenses are finalised. It usually takes 6 to 7 months after the deliveries commence for the settlement of accounts between the society and the members. Such growers, as having relatively small quantity of kapas to deliver and as such are in immediate necessity for cash find it very inconvenient to wait for the entire season. Of course each Cotton Sale Society Agrees to pay upto maximum of 70 % of the likely price of the cotton delivered immediately on delivery of cotton. Loans, if any, issued during the cultivating season to the member concerned are deducted from such advance payment of price and the balance is considered as loan, chargeable with a fixed rate of interest till the time of final payment of price. There is an appreciable section of cotton growers whose output of cotton, does not exceed beyond two bhars, e.g. Kolis in Hansot taluka, Dublas in Mangrol talukas, Bhils and Adivasis in Zagadia, Nandod, Valia, Songadh, Vyara, Chikhli, Mandvi and other talukas of the eastern wing of the tract. All these, growing 1 to 2 Bhars of kapas cannot afford to wait till the accounts of the cooperatives are finalised. Their needs are limited but urgent since they have no capacity to hold on. Poverty and illiteracy also account for the desire for immediate cash settlements. Some of the growers have financial obligations to be met soon after the harvest. They would be prepared to suffer a slight loss in price for the temptation of immediate cash payments.

Should the cotton cooperatives make a distinction between small scale agriculturist and larger one, while making advance payments of price? It should be remembered that the liberal cash advances, prior to the final settlement may endanger the
resources of the society.\(^1\) There is another risk too. Sometimes the declines in the cotton prices are so inconceivable and abrupt that the cotton Sale Society might receive less for the kapas than the amount that had been advanced to the cotton growers. Is it possible to collect back the overpayment made to members? Besides its legal and administrative complications, that may cast serious repercussions on the social and economical aspects of membership relations. However, the cotton cooperatives must explore the possibility of meeting this problem satisfactorily.

Another objection is to the policy of charging interest on the advance payment of price treating the same as a loan. Some members of the 'Yerthan' group Cooperative Cotton Sale Society, operating at Chalthan expressed the view that this acts as hardship for the poorer among the cotton growers. In their opinion advance, being the part of price, rightfully belongs to the members and interest should not be charged for that. Whatever charges for interest that the cooperatives have to bear towards the central financing agency should be treated as expense. Here the question is that those who do not claim the advance, will suffer an injustice as their funds can be used by the society in the interest of all the members. It is however, argued that financially well-provided members should bear this burden for the benefit of poorer among them.

II Connections with traders:

In a number of cases, cotton-growers are in one way or the other under obligations of traders. e.g. The gin press merchants like Vakharia brothers of Ankleswar, provide employment to many

\(^{1}\) Many of the cotton cooperative associations in the U.S.A. experienced financial hardships during 1930-34 because of the policy of making liberal advance payments. Bakken op.cit. P. 247.
from agriculturist's families. Almost all of the present secretaries and managers of Cotton Cooperatives have had experience of the cotton business, while they were employees of the gin press owners. When sons and relatives are in service at the trader's gin, there is a natural pressure upon the cotton growers from the same families to deliver their kapas to traders. Such personal relationship with cotton dealers account for a large part of crop which is received by the latter and explain the continuance of traders in the midst of growing number of cooperative sale societies of the Olpad, Chorasi, Navsari and Bardoli talukas.

III Credit on liberal terms by traders:

In certain cases, the members of cotton cooperatives find their credit needs being met inadequately through the societies. Quite often a few of needy farmers show preparedness to resign in temptation of liberal credit promised by traders. Loans given by the societies are according to some rules and regulations as regards to rate, surety, method of repayment etc. Submission of statements about the cultivating capacity and procuring of two sureties from the members are essential for obtaining credit facilities. Some farmers are averse to such formalities and prefer the credit given by traders, who are ready to oblige them in interest of securing cotton. Indeed, the traders, incur a great risk in distributing funds without any cognisable evidence of indebtedness, but, a farmer is true to his morals and is ready to repay the loan out of sale proceeds of his cotton. Another point to be noted in this transaction is the secrecy that an average villager would like to keep about his belongings and credit needs. No body will like to disclose how much he is
indebted. In a cotton sale Society such secrecy is not possible and a villager believes that in making open borrowings his honour is vindicated.

IV Value of cooperatives to non-members:

23 cotton growers out of 349 recorded as non-members, were in a position to sell cotton on the condition that they should be given the price that neighbouring cooperatives may declare for the season. Thus 6.59% could benefit from the same price, without being compelled to join the societies. That shows the value of cotton cooperatives to non-members, when the latter are in a minority and traders show the pressing need for their crop. Such instances were noted in case of Valia Mahal, Kamrej and Palsana talukas. As the cotton cooperatives develop, the gin-press merchants find their supplies of cotton diminishing. At least the ginning income has got to be retained and it is not unlikely that some dealers may make price offers in competition with the societies. Margins may be sacrificed, favours may be granted and additional services may be given to hold up the customers and to impress upon the cooperators as well as non-cooperators of the efficacy of private enterprise. Whatever that may be lost in Surat market might be recouped in dealings at the Bombay Market. Sometimes non-members do get better prices for their cotton however cooperatives may disbelieve or deny the same. In the opinion of cooperative leaders, traders pay better prices to such farmers who are likely to influence others in their villages for bringing kāpas to the former. Traders make up the loss in margins by mixing inferior cotton with superior ones, and by reducing the price for 3rd and 4th pick of cotton, as compared with that of the 1st pick.
Besides, the price of cotton is a very tricky and uncertain factor. One may hold up, in hope that prices may rise and when expectations go wrong, cotton is sold at bearish market. Traders are naturally well acquainted with market trends and can sell at the right time. As they earn better prices for lint they can afford to pay competitive prices for kapas too. During the 1954-55 season, societies sold their superior qualities of cotton early in the season as the crop was estimated to be larger for market. However, late in the season Government of India permitted exports and the market showed a recovery, permitting better price, even for inferior grades sold late by traders. From the point of view of cotton growers price does become a matter of comparison and for those who obtain better prices from cotton dealers the purpose of cooperative membership is served irrespective of whether they join or do not join the cooperatives. Thus the cooperatives render indirect benefit even to non-members.

CONCLUSION

If the cotton cooperatives of South Gujarat desire to widen their membership, it is absolutely necessary for them to devote serious thinking to the above problems and views of cotton growers. In the first place, it is necessary to secure suitable amendment in bye-laws with a view to offer a higher rate of advance against the price immediately on the delivery of kapas to the ginning factory, to the growers whose output is below four bhars of kapas. Secondly, interest should not be charged on such advances for this class of cotton growers. Thirdly, the rates at which crop-finance is given during the sowing season should be raised to cover the minimum requirements of cultivation. There should be no hesitation in doing so, because these loans are
chargeable with interest. At present, most of cotton sale
societies have built up good reserve funds and collected saving
deposits of members. It will be worth while to give up an
orthodox policy in matter of crop loans and price advances in view
of the sound financial reserves. Efforts should be made to
secure maximum prices possible for member's cotton by adoption
of successful sales policies and timely operations in market.
Ultimately price comparisions are bound to be made by cotton
growers, although such comparisions are difficult for an average
farmer. Prices vary day to day and mostly depend upon how skill-
fully bargains are made. Merely because risk is widely shared in
case of cooperatives, indifference to market price should not be
shown. Finally the propaganda for educating membership and making
it more responsive can go a long way in assuring intelligent and
reliable members for the cotton cooperatives. Management can
achieve much in this direction.