CHAPTER 2
2.1 A HISTORICAL OUTLINE OF THE CO-OPERATIVE MOVEMENT IN INDIA

Co-operation is not entirely a new practice in India. Even a close study of present day village life in any part of the country induces us to think about the spirit of co-operation permeating all socio-economic activities in some way or the other. However, the use of the word co-operation in the "modern" and more genuine sense is not intrinsic in the country.

From the beginning co-operatives have been regarded by the Government as a means to create a more equitable form of society. For instance, the state of Gujarat took the lead in the setting up of milk cooperatives through the famous National Dairy Development Board in Anand. Later on Non-Governmental Organizations (NGOs) have played a crucial role in making co-operativism available in the rural sector to the poor and landless.
2.1.1 Co-operation under Conditions of Colonial Dependence

The co-operative movement in India started at the beginning of 20th century. It was sponsored by the British Government to deal mainly with the problem of rural indebtedness. Unlike Western countries, the movement did not grow spontaneously from the base. In fact, the people were skeptical.

The Indian scene was characterized by the predominance of a rural population, starvation, high mortality and acceptance of debt in perpetuity. The self-contained character of the village economy was affected by expanding markets for agricultural products that encouraged a move from subsistence farming to commercial production. Agricultural production began moving out of villages to urban centers and the world market. The grain available to support the landless began to decrease. Customary payments in kind gradually disappeared to give way to the role of money as a medium of exchange. The village artisans' hand-crafted products suffered severely in the face of competition from machine-made goods imported from abroad. Additionally, the new system of land revenue and administration paved the way for the money lender.

The establishment of different co-operative societies began with a view to creating an environment of mutual support and co-operation providing relief to the farmers. However, these co-operatives could
not make any headway in the absence of any legal sanction behind them.

In 1892, the Government of Madras deputed Sir Frederick Nicholson to study the problem of rural indebtedness. He proposed to initiate a system of Land Banks in the Presidency. The Government of Madras and the Famine Commission of 1901 saw that rural indebtedness could be resolved through cooperative societies. The existence of a number of indigenous Societies was a favorable condition for the introduction of Co-operative Credit Banks.

A Committee was appointed to consider the question of establishing Co-operative societies in India. Its report recommended the Raiffeisen type of cooperatives as best suited to Indian conditions. It was in the year 1901 that the colonial government took for the first time a decision on this matter.

The first Indian Co-operative Credit Societies Act came into being in 1904. This Act was mainly enacted to register the Agriculture Credit Co-operative Societies. The consequent legislative measures taken by the colonial administration in the sphere of co-operation were directed to guarantee that the co-operative helped maintain the most favorable conditions to control the financial needs of the natives and keep them under British monopoly.
It was conceived largely on the model of the English Friendly Societies Act. It gave preference to the Provincial Registrars in building up their own co-operative structure. The powers under the Act were concentrated in an ICS officer who was designated RCS. The local governments for all the presidencies and major provinces soon appointed Registrars with full powers to organize, register and supervise societies. Their members had to belong to a single class or caste. A few pioneering co-operative undertakings in the form of Nidhis or mutual loan associations were introduced in Uttar Pradesh, Punjab, Bengal, which paved the way for the introduction of co-operative credit societies in India.

Thus, the co-operative movement in India was introduced from above. This was also reflected in the development of the leadership of the movement later on. No wonder the people of India were skeptical about co-operatives.

2.1.2 Development of the Co-operative Movement after Liberation

Part of the background for the formation of co-operatives in India goes back to the first year of Indian independence. In November 1947, at the Jaipur meeting of the All India Congress Committee, the Committee on Objectives and Economic programme set down the general principle that land with its mineral resources and other means of production, distribution and exchange, must belong to and be
regulated by the community in its interests. The socialist inclination of the newly-formed government called for a clear change in land ownership patterns and recommended the setting up of co-operatives as multipurpose societies.

The report of the Congress Agrarian Reform Commission submitted in 1949 promised far-reaching changes for the land-owning classes, emphasizing the establishment of village-based co-operatives and decentralized co-operative farming. Co-operativism combines a materialistic component with a clear ideological commitment. Duggan in his report on the CRD's work in the Bhal remarks, "Co-operative philosophy generally takes a moral view of economic activity, incorporating concepts of justice and social obligation and recognizing moral values as being an inseparable part of the operation of economic life" (1990:4). Thus, it is clear that, in order to reduce economic and social inequalities, government policy would favour co-operatives in all possible ways so as to make the socialist pattern of society a reality.

The Indian national leadership considered the "third way" in broader terms than economic growth. Ideological preferences for the establishment of an egalitarian, decentralized and co-operative pattern in agriculture were also part of the political economy. The national leaders' planning on the basis of democracy and socialism, and the thrust towards growth with social justice, had added a new
significance to the co-operative enterprise. They were firmly in favour of a strong co-operative movement as a people's movement to transform the rural economy and lay the foundation of a political democracy. They believed that co-operatives were an important instrument that helps the government in attaining its goals in the sphere of production and in securing supplies of goods. Moreover, the democratic character of the co-operatives along with their federal structure, gives the movement scope for decentralized planning.

Hence, since the years of independence, the co-operative movement has become extensive in India. Co-operatives and community development were conceived as the analogous instruments of rural development but the First Five-Year Plan separated the functions of the co-operatives from those of the panchayats, the multipurpose village level statutory agency of rural development, thus: "The functions of a co-operative society are governed by the objects for which it is constituted and are limited to the interests of its members. As co-operation develops, the movement will become increasingly representative of the village community". (Chapter VII, 16).

The Second Plan mentioned as instances of co-operative development, credit, marketing and processing of agricultural produce, consumers' stores, artisans' and laborers' co-operatives and construction activity. But at the same time the plan was aware of the risks of resorting to the co-operatives because the government was
equally determined to avoid the political costs of a direct attack upon
the existing social order.

This hierarchy was not simply a holdover from the British Raj. Hereditary caste groups, each placed in a position of superiority or inferiority to others, and all governed in their mutual relationships by customary norms of reciprocal, nonsymmetrical rights and obligations, continued to be the type of social organization in villages. Human inter-relations assumed greater complexity in the course of the operations of the co-operatives and so co-operative activity was difficult to guide towards success.

Another reason for their lack of success was that, on the one hand, the co-operatives were established to reinforce the democratic foundations of the polity and society but, on the other, the inter-relationship between the organization of the co-operatives and governmental agencies at the field level helping, regulating and supervising them were vague.

The PEO (1959, pp.145-6) reported that the large societies had not reached the smaller cultivators. In the working of the co-operatives the more landed classes monopolized the loans and other facilities. These classes captured the co-operatives and assured the benefits for themselves and the coteries of their kinsmen and supporters. Factionalism also led to the breakdown of co-operatives.
The report of Rural Credit Survey (1951-52) had observed that the moneyed and trading classes had controlled the credit, marketing and processing related to agriculture. Most of the so-called multipurpose co-operatives performed the function of allocation of credit only, while the marketing and processing co-operatives were slower to be established. The slow process of integration of the co-operative structure resulted in the poor performance of all three categories during 1952-61.

The sixties did not witness a marked improvement in the situation relating to the services to be provided by the co-operatives. Even after the National Development Council had adopted in 1958 a resolution favoring greater government involvement in the co-operative credit structure, the rural co-operatives could not meet the credit requirements of a significant number of the landholders for agricultural purposes. As the Government involvement in the co-operative organization increased, the co-operatives would be subjected to more frequent government regulations which restrained their independent working.

The co-operative movement in India had developed under the sponsorship of British Rule and after Independence under the sponsorship of the bureaucracy of the Government. Consequently, its leadership never had the chance to develop independently. Under British Rule the co-operative leadership was mainly in the hands of
the Zamindars and after independence till today, it is under the control of capitalist landlords, money lenders and the vested classes and castes.

The class character of the movement and its leadership did not change much for the better after independence. All the vested interests operated in the co-operative movement as leaders through the ruling political parties. Even today it is not uncommon to see the elected leader being overthrown if he is not linked to the party in power.

"The failure of co-operatives to provide low-cost credit and services to the majority of cultivators (while expanding resources available to larger landowners) meant that subsistence farmers and laborers were more that ever dependent on village landlords and money-lenders for production loans, consumption credit and other marketing and distribution facilities (...) Neither could the government harness the surpluses of the larger land-owners who enjoyed lower-cost credit through the co-operative societies." (Frankel 1977:198)

2.1.3 Recent Co-operative Policy

The starting-point for recent developments in co-operative policy is a resolution of the National Development Council passed in 1958. In subsequent years, the co-operative movement continued to develop. The movement is mainly rural based. In almost all the sectors, state
and national level federations have emerged for providing guidance, finance, technical, business and managerial support to the primary co-operatives. National level statutory organizations like NABARD, NCDC and NDDB have also been set up to promote their existence and growth.

In March 1975 and May 1976 the Government of India issued guidelines to the State Governments suggesting that the conditions militating against the democratic nature of the movement should be modified. Despite these guidelines, many State Acts still contain provisions such as veto for Government nominees on Boards of Directors, power to the Government to withhold elections and appoint administrators in charge in a large number of co-operatives. After four decades of freedom the role of the RCS continues to be the same.

The meeting of Registrars of Co-operative societies held on 26.8.1985 brought up the issue of activation the democratic process coupled with the promotion and professionalisation of management in co-operatives. The Government of India, in the ministry of Agriculture, Dept. of Agriculture & Co-operation set up the Ardhanareeswaran Committee to deal with these matters. The Prime Minister wrote to all the State Governments in March 1987 suggesting adoption of the Committee's recommendations.
The essence of co-operative organization is the principle of the democratic management, indicating institutional regulation by the members and their elected representatives in accordance with the bye-laws. However, stronger and tighter government control of co-operative legislation has generated members apathy and curbed local initiative at the grass root level. (S.N. Singh, N.V. Belavadi, 1993).

"The concept of co-operative companies has been in the recent debates among forums which focus on co-operatives in India. The concept was currently put forward to the mainstream co-operative discussion by Kurien (1992) as an enabling instrument for the survival of certain class of co-operative enterprises in the wake of Structural Adjustment Programme (SAP) currently being implemented by the Government of India." (E. Michael Johnson, 1993).

The National Co-operative Union of India (NCUI) conducted a study (undated) to compare the then Co-operative Laws and Company Law. The purpose of this study was to create a better legal environment for co-operative societies by combining more of company law with co-operative society law. The co-operatives if brought under a Central Act and administration will be in a better position than if they are subjected to the State Acts and their distinct State administration. Hence, the strategy goes more against the oppressive, time consuming and inefficient legislative process of State laws and administration than the specific contents of the State Co-operative laws.
The co-operatives as business enterprises do have to compete in the same common market as any other company for getting their inputs and selling their outputs. This was not the position in the past, it will affect the present, and the future consequent on the New Economic Policies of the Government of India. Competing in the common market with an inferior legal environment vis-a-vis the competitor poses a disadvantage other conditions remaining the same. The co-operative society laws are more prescriptive in nature rather than enabling the enterprise and its members to select from the positive provisions as is feasible in the Companies Act (1956) and the Societies Registration Act (1860). These Acts give the freedom to conceive one's own enterprise the way one wants.

The Companies Act, 1956 is itself being restructured. The main argument for liberalization under the Companies Act 1956 is also a "level playing field" for the Indian companies vis-a-vis their competitor foreign companies due to the globalization of the market or the integration of the Indian companies market into the of foreign companies market. This logic is also applicable to co-operatives which now expects to operate in the common market in the immediate future. A co-operative may decide to convert itself into a body corporate under some other law provided it binds itself to the practice of the principles of co-operation. However this proposal was not accepted by the Choudhary Brahm Perkash Committee on Model Act.
The case for a special chapter of the Act is under consideration. This special Act would allow the co-operative companies to include themselves keeping a different identity from other companies as a specific class of business enterprise. Indian Co-operatives ought to develop a legislative agenda and bring pressure on both Parliament and State Legislatures to subject legislation under co-operative principles and corresponding with the growth of a strong co-operative movement in the new environment of liberalization and globalization of the market economy.

2.2 THE NON-GOVERNMENTAL ORGANIZATIONS AS DEVELOPMENT AGENTS

2.2.1 Origins and further Developments

The "N.G.O" term was introduced by the United Nations Organization mainly to distinguish between the sovereign nation-states which are its direct members, and the organizations that cooperate with or receive grants from agencies to implement development programmes. Dilip Kumar Parida quotes Rajni Kothari in his paper "Voluntary agencies in development" (1997) saying that he prefers to call them "activist and non-party, non-state, groups of organizations"

India has had a great tradition in voluntary action. Initially, it was centred around philanthropic activities, social service and voluntary work closely associated with the freedom struggle. Many agencies
adopted a religion-oriented mass approach in an informal atmosphere. But the nature and character of the voluntary sector has undergone a noticeable change. As the recent unpublished study undertaken by the Behavioural Science Centre states (1998:1) "in the course of time, the NGO sector has undergone a long ideological transition from a Gandhian phase of rural reconstruction during the post-independence decades, to a left-leaning activist phase (...) and finally to a professionalisation phase since the 70s throughout the 80s".

2.2.2 Purposes of NGOs

Today we have a whole spectrum of myriad NGOs. The purposes provide the grounds for their existence and growth. While these purposes have been articulated in different ways, it appeared that there were certain categories of purposes which appeared more fundamental than others in the work of NGOs. (PRIA "NGO-Government relations"):  

(i) The empowerment of the poor and the oppressed  
(ii) The building and strengthening of people's organizations  
(iii) Strengthening, re-energizing and rejuvenation of social movements  
(iv) Promotion of democratic practices and processes.
The changes that are to be brought up have to do with physical and structural targets as well as with the development of the individual on personal changes which will awake the latent potentialities of the members of a community in order identify their own needs and plan a strategy of change by a joint effort.

2.2.3 Types of NGOs

The complexity of roles and the diversity of issues are very vast at present (see Appendix 1). It is interesting to observe the different types of NGO based on the nature of roles they play. (PRIA undated):

(i) Service Providers or well-fare oriented. These NGOs are inspired in helping others. They provide services for the poor and marginalized communities. Most of the services have been in the are of health, education, sanitation, agriculture, reforestation, and appropriate technology.

(ii) Empowerment NGOs which are development oriented. Theses type of NGOs directly work on the question of organization and empowerment. They have contributed towards development of many innovative approaches to strengthen socio-economic status of the poor.

(iii) Support NGOs. These are newly emerging which provide a variety of support functions to different grass-root NGOs. The work of the support institutions has been to provide inputs that would strengthen the capacities of grass-root NGOs to
function more effectively. The work of support has comprised of training, evaluation, programme planning etc. This could be defined as educational support and not financial support though the latter may also be part of the overall package.

(iv) Network NGOs or federation type. They are time-bound associations of NGOs coming together to work on a common issue (women's rights, drag abuse etc).

However the diversity of perspectives and approaches has also come on the way of building a network at the national level. NGOs working at the grass-root level need to find ways to build up wider networks at the national and international level with like-minded NGOs. This will help to create a more effective action in dealing with common concerns which can not be dealt with at the micro-level.

2.2.4 The NGOs vis-a-vis Change

The NGO have a vital and decisive role to play in bringing about social change. NGO characteristics seem to be more effective than an unstructured and spontaneous movement of collective action. Compared to impersonal development bureaucracies their less diffused accountability endows them with advantages in some aspects of work with the poor. These include greater flexibility, choice of interventions, more intensive and innovative involvement with people
and situations. Highly committed staff can be attracted through agencies that are less bureaucratic and more value-oriented.

While reading on the question of NGOs as catalyst of social change one comes across two different perspectives according to Noorjahan Bava (1997:10) "First, in the context of developing societies like India, development i.e., the banishment of backwardness and poverty call for structural changes". The author quotes Mohit Bhattacharia stating the view when he observes that voluntary organizations "isolated and minuscule efforts" cannot correct the "massive social disorganization left behind by imperialism and since perpetrated by a feudal-capitalist socio-economic system... To expect radical social change through voluntary effort is a kind of a day-dreaming".

The second and opposite view shared by Rajni Kothari quoted by N.Bava is full of faith in the potential of NGOs as catalyst of social change "in a fundamentally voluntarist society, based on a wide dispersal of community living and ethnic diversity" as India.

According to the Behavioural Science Centre's study on NGOs in India (1998:69) "most of NGOs have scaled up their operations, have diversified their activities, projects, and have widened their target group... The change has also resulted in increasing the coverage to other regions and states. The opposite has also taken place: better targeting tries to avoid thinning of resources in too many areas and in
too many activities. Many NGOs have moved from a charity to a development approach... The change has evolves in an integrated manner, for example, taking into account the entire community and various factor affecting development (health, education, economic, social, social aspects, legal). Their understanding of development has moved "from providing a few basic services to enabling and empowering the entire community through various means. From top-down to a more participative approach". NGOs have also derived into becoming support or intermediary organizations from being grass-roots organizations.

Changes have occurred in different ways "in some cases it has been planned, in others it has evolved according to the demands of changing circumstances, while in a few it has been trial and error".

2.2.5 Relations with the State

There is a considerable apprehension in India about the relationship between the state and the NGOs. Since the independence their relation has been witnessing ups and downs.

R.B. Jain (1997) states that "the interaction of government-NGOs in India relates to a) policies and legislation affecting NGOs themselves or common people, especially disadvantageous sections, b) operational collaboration with programmes with or without
government funding c) mutual perception and critique of each other's independent development initiatives and d) peaceful protest movements of people in which NGOs are involved. The interface between the two is a vertically multi-level and horizontally a multi-point complex covering wide area".

There are areas of conflict and areas of cooperation:

(i) The most common form of relationship is where the NGOs are willing to cooperate in an dependent-client position or even to submit to the government aspirations.

(ii) Another stream of NGOs are those who would confront the government and perpetually locked in an antagonistic relationship. They would challenge the policies of the state, and confront the government on issues such as people-centred development, empowerment and equity.

(iii) A large number of NGOs are somewhere in between seeking to build up a purposeful partnership with the government.

The NGOs are using different strategies to cope with these situations of adversarial relationship and establish a more authentic collaboration based on mutual respect and acceptance of interdependence. Collective action through NGO's intervention is a collective form of playing a greater role in the task of social change by the individual and communities.
Chapter 2. The Indian Context

2.3 GEOGRAPHICAL & ECONOMIC CHARACTERISTICS OF BHAL

The Bhal region of Gujarat (see Appendix 2) covers low-lying coastal areas around the Gulf of Khambhat. Both Local Organizations e.g. the Agricultural Federation of Cooperatives and the Women's Credit Cooperative are situated in the northwestern part of Kheda district in the Khambhat taluka. The region suffers from hostile geo-climatic conditions. It is a semi-arid area with a tropical monsoon climate. The monsoon rains commence at the end of June and last up to the end of September. Irregular rains, monsoon floods, temperature extremes, and coastal cyclones make life conditions very difficult. Wastelands abound near the sea occupying more than 50% of the land. The remaining land comprises alluvial soils which are used for dry-land farming (wheat and cotton). The Mahi river irrigates this area during the monsoon making paddy cultivation a source of income. The Mahi Canal system has made it possible to start cultivating irrigated paddy.

Village structure

As is widely recognized, caste systematizes hierarchy. Vested interests, unwilling anywhere to part with power, have in the structuring of the Indian village a ready-made, virtually impregnable system of privilege. The centre of the village is occupied by the dominant caste, and around this core the other castes arrange their living quarters. The quarters of the lowest castes are outside the
village proper and constitute a vas or hamlet. Each caste is relatively autonomous with its own caste council, but there are also larger relations of dependence and interdependence, often in the form of employer/employee relationships. Social communication between the castes is restricted.

The disparity between the groups means that the so-called lowest caste people, who are also the poorest, have to work for those higher up on the caste rung, and are at the same time despised by them because of the low kind of work they do. There are problems of indebtedness to the dominant castes which keep them in a semi-permanent state of poverty. The social practices of ostracism create deep feelings of inferiority among the lowest scheduled castes. Though the government has made provision for their uplift in the form of reservations in government offices and educational institutions, the lot of many of them remains very poor, and they are treated with contempt. The Centre for Rural Development (CRD) decided early on to work with cohesive communities i.e. members of the same caste residing in the same place. It quickly zoned in on the Vankars, a scheduled caste, and has had considerable success with them. The Vankars of the Bhal area now have considerable economic, even political power, in the villages as a result of the CRD's interventions. The CRD has now begun to work with the Bhangis, the lowest of the scheduled castes. (It has also recently begun work with
Chapter 2. The Indian Context

the Koli-Patels, not actually a scheduled caste, but economically as backward as the scheduled castes).

The castes with whom the CRD works are Dalits and their problems are legion. When work started with the Vankars, the following problems were identified by J.M. Heredero (1989: 40):

(i) The scheduled caste group with which the Centre was concerned, the Vankars, were taught by caste ideology that the Rajputs were superior and that nothing can be done to change the caste system.

(ii) The poor economic status of the Vankars led them to borrow from the Rajput moneylenders, and indebtedness forced them to work on the lands of the Rajputs and become wholly dependent on them. The economic dependence of the Vankars on the Rajputs was the root of the problem.

(iii) The traditional Vankar leaders within the village were often allied to the higher castes and interested in perpetuating factional fights, among Vankars.

Another early perception was that the ubiquitous joint family system, despite the security it undoubtedly provided, robbed the young of initiative and lowered what McClelland calls their "achievement drive". (McClelland, 1969, in Heredero, 1977:33). Heredero explains that by achievement drive McClelland means the desire to do better than others, to improve one's mark or standard, to take calculated
risks. He links this attitude with the desire of knowing the result of one's action and accepting full responsibility for it. Traditional attitudes prevalent in the villages of India, based as they are on fatalism and belief in past lives, are not conducive to achievement drives. Any NGO attempting social change, therefore, has to contend with interiorized, religiously sanctioned attitudes. Awareness-raising, directed at confidence-building, is up against odds unfamiliar in a non-Indian context.

2.4 THREE EXPERIENCES OF COLLECTIVE ACTION IN INDIA

2.4.1 The Centre for Rural Development

The CRD is a voluntary organization attached to St. Xavier's College, Ahmedabad, which functions under the St. Xavier's Non-Formal Education Society Trust. It was founded in early 1970 and is today recognized as an established NGO in Gujarat offering a variety of activities and support services.

From a purely educational body it has developed into a development agency with multiple engagements and a new organisational structure. The Centre is engaged in developmental work in Kheda district specifically in Petlad and in the Bhal region of Gujarat, in the Khambhat and Dhandhuka areas as well as in the tribal area of Danta in Banaskanta District of North Gujarat.
Chapter 2. The Indian Context

The area-wise field teams form the Rural Development Team (RDT) and the Development Initiatives Team (DIT). The Development Initiative Team (DIT) is a scheme to take care of new initiatives and the field of development specially those which give economic empowerment to people. Its objectives are the following: a) to create environment friendly alternatives to economic empowerment of the oppressed. b) to develop systems of management of old and new activities. c) to facilitate demystification of new initiatives in the centre. d) to conduct relevant training programmes which cater to the development of the alternatives whether at the centre or in the field level, or at individual level. A new entrepreneurial venture in Petlad, a collective enterprise for women where 125 women have been given employment in the manufacture of garments (school uniforms and men's shirts): The Jagruti Garments Ltd.

The Rural Development Team comprises members available at various rural project areas. Their objectives will mainly involved mobilizing and organizing people through the promotion of sustainable Local Organizations two of which are part of the research study, i.e. Federation of Agricultural Co-operatives and the Women's Credit Co-operatives. The Rural Development Team of the CRD has started work with the tribals in the tribal area of Danta Taluka. An area level organization has been set up. In Dhandhuka Taluka the work now includes the Koli Patels, who are not actually Dalits but
Chapter 2. The Indian Context

OBCs¹, but are economically as depressed as the Dalits. In the sphere of Women’s Development, the Women’s Credit Co-operatives have made efforts to include Koli Patel members. Systems of bookkeeping, governance and accountability through the Executive Committee, and sanctioning and processing of loans have been by now fairly well established (Behavioural Science Centre Annual Report 1997:24)

The Resource and Support Team (RST) has the functions of research and training. Its objectives are:

(i) To undertake the course of Fellowship Programme in Social Management and short term courses.

(ii) Training grass-root organizations and staff.

(iii) Research and publications.

(iv) Support to small local organizations.

(v) Evaluation of other organizations.

The Human Resource Development (HRD) is in charge of staff training and addressing personal related issues.

A new Post-graduate Programme in Development Management to be initiated in January 1999, with a preparatory English course in November 1998. The Post-Graduate Programme in the Management of Voluntary and Not-for-Profit Organizations has emerged as a response to certain situational characteristics of this sector in India

¹ Other Backward Castes.
and "as a logical corollary of the Centre's developmental and educational interventions with Dalit, Adivasi, Minorities, Other Backward Castes and Women. The programme will strive to enhance professional competence essential for the management of organizations in the NFPO sector, thereby, countering the emerging tendencies of adhocism, mediocrity and low social accountability. It will also strive to enhance competence among professionals belonging to communities which are of high priority to the CRD viz. Dalit, Adivasi, OBCs, Minorities and women (priority communities) thereby opening possibilities of ensuring a more equitable representation of these communities at the management and leadership level of the NFPO sector" (Behavioural Science Centre, 15th Annual Report: 59).

CRD's Organisational Structure

The Centre sought to redefine its mission statement in December 1997. After much discussion and many suggestions the following statement found general acceptance:
To fight injustice to humankind and nature through the creation and promotion of sustainable local organizations of the marginalized, which are owned and managed by them.

Reviewing the past of the CRD, it was felt that the advantages of its closely knit organization and structure were cohesiveness, and its stress on human relationships, on self-giving. The disadvantages were seen as disregard of the outside world, a sense of exclusiveness and superiority, excessive demands on any new member, and downgrading of theoretical and intellectual inputs. Whether technically qualified persons not necessarily sharing the mission of the CRD should be recruited, and whether there should be periodic evaluation were discussed. From the nature of the points raised it is apparent that the CRD had become aware of the need for greater professionalism. At an earlier stage the institution could afford to operate in a more ad hoc manner. With the growth of the CRD as an organization and the multiplication of tasks this direction towards professionalism seems perhaps inevitable.

Today it faces new challenges as it finds to its satisfaction that the role it had originally set for itself has been virtually taken over by the local organizations it helped to set up. As change occurs, the CRD attempts to keep pace, sensitive to needs at the grassroots level. This thesis is, however, concerned with the work of the CRD only in the context of collective action, the co-operative sector, and most especially with
two local organizations: i) the Federation of Agricultural Cooperatives, and ii) the Women's Credit Co-operative both established by the CRD.

THE CRD AND CO-OPERATIVISM

It is necessary at the outset to take account of the origin of the CRD, its objectives, and the changes that occurred with the passage of time and accumulated experience. The institution started as an educational venture with the aim of trying out McClelland's Theory of Achievement Motivation among the small farmers of Gujarat. However, given the caste stratification of Indian society, it quickly became clear that, in order to be at all feasible, work would have to confine itself to a single caste group, at least initially. It also became clear to the founders in the first year that the most significant work should be with the poorest. Since class in India's rural areas coincides often with caste, work with the poor would mean usually working with the lowest caste. It was the lowest castes, enduring social as well as economic deprivation, that became the focus of the centre's work.

Stress on Feelings

It is significant that the CRD from the start was preoccupied with the feeling level of the participants in its programmes. In fact, the CRD had its origin in camps organized for villagers with the express
Chapter 2  The Indian Context

purpose of making personal contact with small farmers in villages. It aimed at more than economic betterment, though this was also one of its goals. Heredero describes the first village project: "The aim of the project was twofold: to help villages in their development and to study the effect on them of both material help and psychological education. By psychological education we meant training to foster self-reliance and to heighten their achievement motivation". (Heredero, 1977: 45)

To start with, the CRD confined itself to the educational approach based on its own understanding of what development means. It was felt that economic and technological development do not necessarily mean real development, and that personal growth was an inextricable part of the developmental process. Such growth could come about only with increased awareness. This, if occurring in a climate of mutual support, could lead to a more efficient use of one's feelings, imagination and intelligence. Feelings of inferiority could then turn into self-respect, self-identity, and group-identity (Heredero, 1977: 6, Table 1.1). With this there could be a release of creative power and learning ability.

Early Moves

The initial courses planned by the CRD for villages near Ahmedabad followed McClelland and Winter very closely (1969, in Heredero, 1977:45). The main inputs were achievement syndrome, self-study,
goal setting, interpersonal support, follow-up, and final evaluation (Heredero, 1977: 46).

Another important area for the CRD to deal with was the transition to economic growth. Everet Hagen (1962, in Heredero, 1977:34) notes that entry upon economic growth "is a result of the acceleration, or rapidly increasing sum of scientific and technological knowledge". Technology needs to be adapted to local needs, however, if it is to be used at all and adaptation calls for knowledge of the local cultural milieu. A creative acceptance of technology can only follow the imparting of information, the demonstration of rationality, and the dissolving of deep-seated defence mechanisms rooted in fear.

The co-operatives are voluntary groups protecting themselves from vested interests, but there was a fair degree of skepticism about their success in the Bhal region, since the inhabitants had seen them taken over by clever individuals who ran them as personal fiefdoms. But the ideological commitment of the CRD and its persevering faith led the people to see that co-operativism could work for the benefit of all members of the community. The CRD believed that co-operatives overcome alienation and restore the control of production processes to the workers themselves. They bring members into a democratic, decision-making process, and reject both market capitalism and centralized state tyranny.
Co-operativism was also seen as an educative process, a kind of "rural school", in which there could be a gradual transfer of technology, accounting skills, and managerial skills. Heredero remarks: "Ownership and control of the means of production, transfer of technology, new administrative and managerial skills, a democratic set-up, all these are but expressions of a desire; to use the co-operative as a tool of radical change". (1989:57)

The co-operatives were to be set up by the CRD at its own cost and with the assurance to co-operative members that failure costs would be met by the CRD. The CRD spent roughly a year in preparatory work or pre-cooperative education, assessing risks of all kinds -social, political, and economic- to be faced by the Vankars. (Pastakia, 1990:5). It was not to be supposed that the higher castes, who exercised considerable power over the Vankars, would happily see them grow to be a force to be reckoned with on their own terms. Vadgam was the first forestry co-operative to be formed in 1979. It was followed by many other villages once the success of Vadgam became apparent.

The main effort of the Center has been to create effective and strong local organizations of the oppressed through non-formal education. *Education implies a joint effort in which the NGO (outsiders) and the local people work together. This means mobilization and organization of people and local resources to empower themselves through the creation of co-operatives among other types of*
organizations. Therefore, the co-operative movement in the Bhal was developed to bring about a change in the oppressive social relations based on both the caste and the economic system.

The Centre understands the co-operative as a new economic structure in which several people come together to carry out, jointly, tasks which any one of them individually would be unable to accomplish so beneficially. Individual means of subsistence such as privately-owned land were not abolished. In fact the co-operative would be an activity that would complement the insufficient means of survival because the members are either marginal or landless farmers who depend entirely on the upper caste landowners.

This type of enterprise would enable them to own and control their own means of production, transfer of technology, new administrative and managerial skills and new democratic set-up. It would be a new unit of production owned and controlled by the whole community as a means of helping all the households, thus preserving equality, justice and fostering unity within a new vision of society.

But the co-operatives in the Bhal have not been developed from within. The local people were rather skeptical because of prior negative experiences around. Individuals "generally see a co-operative as a money-making venture for themselves. Small wonder that the Vankars in the Bhal showed little enthusiasm for the co-operative."
Significantly they never spoke of the co-operative (*sahakari mandali*) but of the organization (*sanstha*) of Ahmedabad. That *sanstha* means something: money, influence, power..." (Behavioural Science Centre, Annual Report No.8:4). That is why it is vital that every member of the co-operative feels that an important personal need is being met and that community problems can be worked out through collective action.

*Technological change*

Technology is understood to mean “the available set of specific techniques through which inputs are transformed into outputs”. Consequently, technological change or a transformation of the productive forces aims at increasing the degree of land and labour productivity through new farming methods in hitherto unproductive wastelands thus generating employment and an increased income.

"This often means a transfer of better technology available somewhere else or upgrading one's own technology (...) When poor people set up a new enterprise, they may either have an inefficient production process because of its obsolete technology but one which the people fully know and understand; or they may have a technologically advanced enterprise which can compete with the rest of the country, but is run by outsiders in possession of a new Brahminical knowledge". (Behavioural Science Centre, Annual Report No.8:6).
Neither of the two options brings about social change: the first one because of the low level of productivity and the second because it generates dependence upon outsiders and this is precisely the new type of social relation the Centre was trying to avoid.

*Ownership and control of the means of production*

Common ownership confers on the individual members control over the means of production and management, that is, control over the production process, marketing and finances. The members' control of the co-operative guarantees that labour, just salaries and financial benefits are fairly distributed among all households.

The twin tasks of management are decision-making and implementation. Efficient implementation demands administrative skills at the office level as well as in the sphere of managing the work force so as to make sure that the planned activity is carried out as expected.

Decision-making takes into account all the aspects of the enterprise, i.e. production, marketing finances and personnel. It involves initially planning and subsequently monitoring and evaluation of the plan's performance in view of formulating future plans.
"Self-management gives rise to a feeling of legitimate pride which affects the morale of the whole community" (Education for Development J. M. Heredero: 55)

The Center for Rural Development has prepared a cadre of co-operators with managerial skills by establishing a Federation of co-operatives which prepare long-term plans of finance, production or marketing.

A new ideology

A new understanding of society, specifically of the caste system, has generated a new self-image and self-respect and replaced the inferior-superior polarity. Unity and co-operation through education and joint action have been real tools to displace fatalism and a slavish attitude.

It was the aim of the Behavioural Science Centre to impart an understanding of both the ideological and economic components to the disadvantaged communities with which it began work and with which it still works. Co-operativism was thought to be the best means to fight the double oppression of economic deprivation and social discrimination.
The Behavioural Science Centre Annual Report 1986-1987 observes: "The very word 'co-operative' conveys the idea of several people coming together to carry out, jointly, tasks which any one of them individually would be unable to accomplish so beneficially" (Behavioural Science Centre, Eighth Annual Report: 4).

While in the economic field co-operativism would lead to material gain, in the social field, rural development would, from the CRD's perspective, have to work for justice and the abolition of discrimination. In this respect, the co-operative, as an agent of social change in the Indian context, confronts systematized discriminatory social practices sanctioned in a hierarchical caste system. Till the CRD began its work, this problem had not been tackled head-on. Heredero notes (1977: 3) that Gujarat is "well ahead of other states in the co-operative movement, though the existing co-operatives have served mainly the interests of the richer classes".

2.4.2 The Federation of Agricultural Co-operatives (FAC)

With the presence of a number of co-operatives under the aegis of the CRD in the Bhal area (see Appendix 3) it was thought desirable to have a body to promote co-operation among them. According to state legislation a federation of co-operatives can be set up if it consists of at least six co-operatives and one or two outside agencies willing to help.
An apex body or federation of co-operatives came into existence as a legal body in 1989. Daheda was chosen for the Federation office, known locally as the *Sangh*, as it already possessed a warehouse, offices, living quarters and a training hall. In addition it has 50 acres of land where forestry experiments can be conducted. It was hoped that the federation would take up all the managerial, technical, and administrative tasks being performed by the CRD. If all the purchases and sales of the co-operatives could be centralized at Daheda, they would be able to lower overheads and obtain better prices. The apex body would be in a better position to deal with the market, financial organizations, and the bureaucracy than any single village. It could keep a check on factional interests; command a hearing among political circles; and provide heavy equipment and storage facilities not available to small village co-operatives. (BSC Annual Report 1988-1989). Each co-operative was to have one representative on the board of the federation. The CRD was also to have one representative on the board.

The Federation has a set of constituent members and is managed by an Executive Committee (EC) comprising representatives elected by the village co-operatives. Of late the women have found representation on the Executive Committee. The EC scrutinizes accounts, evaluates performance, and suggests corrective measures. It has two types of officers:
(i) Elected officers i.e. the Executive Committee and its president.

(ii) Appointed officials led by a General Manager with a General Secretary, two clerks, five managers and two educational officers who se task is to address social problems, conflict resolution mechanisms, and training of village committees.

The formation of the Federation has brought about two layers of collectives: the village co-operative itself, and the federation of all the co-operatives in the area.

The two-tier model (Pastakia, 1990:16) has provided more institutional stability because it offers clearer articulation of community needs, is able to withstand threats from outside, has greater bargaining power with market forces, and provides mutual monitoring through the apex body and constituent co-operatives.

Within a year of its coming into existence the Federation was able to establish credibility as an institution capable of replacing the CRD in many of its functions. Today it has 11 cooperatives as members and others have expressed their desire to join but face some legal difficulties (Franco and Parmar, 1996:89). It has had considerable success in dealing with external threats; and less success with internal mediations. It has succeeded in drawing women into the co-operative movement.
The Federation today

The 11 co-operatives of the Federation have 734 members and own 3,315 acres of land. They received the Indira Gandhi Friends of Trees award in 1987. The Food For Work provided by Catholic Relief Services greatly helped the afforestation programme. In addition, the Federation extends agricultural credit for fertilizers, helps poor people to redeem mortgaged land, has formed two fisheries co-operatives, and has a rice mill.

As the Federation grows in strength and power, the CRD becomes, as planned, increasingly redundant. Pastakia (1990:15) has traced four phases in the role of the CRD:

(i) Contractual in which it offered a contract to a village partner and took major responsibility for technology and management systems;

(ii) Consultative, in which a conscious effort was made to involve co-operative members in the routine running of the co-operative;

(iii) Collaborative, which was a period of growth and expansion leading to the formation of a federation or Sangh, a period in which the CRD stood by its partners through times of terrible crisis, refused to let powerful forces wipe out Vankar efforts, and encouraged the emergence of new leaders in the group;
(iv) Disengagement, when the CRD was ready to let the *Sangh* run its affairs, and confined itself to diversification plans, training of federation officials, assisting finance and marketing areas, and integrating women into the co-operative.

The movement of the CRD has been towards withdrawal. In fact, the BSC Annual Report for 1997 mentions the Bhal area as one from which "we have withdrawn completely" (7).

The implications of co-operativism of the kind practised by the CRD are manifold. Pooling resources may be the only way of developing poor land. Next, organizing along caste lines seems to be the only effective way of negotiating with upper castes. Otherwise the co-operative will replicate the caste stratification that obtains in rural society, and leave the most marginalised still at the bottom. Thirdly, the need for affiliation needs to be taken account of. Even after eight successive failures the Gudel co-operative wants to keep the co-operative going. Economic needs are therefore are not the only ones operating here. The apex body or Federation can play an effective role as arbitrator in issues that are ridden with factional politics. Finally co-operativism is one way of moving towards collective leadership.
**Forest Co-operatives**

The CRD initially turned to farm management and agricultural co-operatives as it sought to impart technological inputs, but the saline nature of the land made this unfeasible. It turned therefore to afforestation of wasteland with the *prosopis juliflora*, the hardy, salt-resistant, mesquite tree, known locally as the *ganda bawal* or mad bawal. It could be used to reclaim saline land and to fight desertification of land. It makes very good charcoal, and its pods, high in protein, are used as animal feed. Planting poor land with these trees would simultaneously improve the land and earn money for co-operative members. Concerned as this study is with the psycho-social impact of NGOs, it will not go into the technical problems of afforestation except to say that, after a few false starts, the survival rate of the plantations was high.

The BSC annual report for 1995 and 1996 states that the Federation or *Sangh* is now a financially self-sufficient and independently managed organization publishing its own annual report. (35) It now runs the following activities:

- Wasteland development and Tree Growers' Cooperatives
- Agricultural credit-fertilizer and land redemption schemes
- Food for Work Programme
- Fisheries resource-cum-extension centre for carp breeding and seed raising
- Paddy processing unit
Chapter 2  The Indian Context

The BSC 1995-96 annual report says that while the first four of the activities listed have done well, the rice-mill has not quite taken off because inadequate working capital made it difficult to procure enough paddy to reach the break-even point. Moreover, fluctuations in the market made for uncertain cash-flow and consequent losses. There also appears to have been some degree of mismanagement.

The CRD's role has diminished very considerably. As of 1 January 1997, it has stopped contribution towards the salaries of Federation employees. The relationship between the CRD and the Federation is formal and reasonably healthy, though there are differences regarding priorities. The CRD has succeeded in its goal of creating a body that would render the CRD or any outside agency unnecessary in the long run.

2.4.3 Women's Credit Co-operative (WCC)

Given the fact that the women's credit co-operative is one of the two local organizations forming the focus of this thesis, (see Appendix 4) it is appropriate to present briefly the background of the CRD's work with women in the Bhal region of Gujarat. When the CRD started work in this area, it had no clear idea that gender was a separate and important issue. It was simply assumed that along with the general improvement of the caste group, the women's lot would get better. Increased general awareness of women's issues has led to a clearer
understanding that, if there is caste oppression in the areas, there is oppression of women on many more grounds: that they are rural, untouchable, poor, and finally that they are women.

In 1987-88 one of the women staff members of the CRD spent eleven months in the village of Golana, studying the situation of women there. Her observations led to the conclusion that the women had very low self-esteem and motivation, felt themselves to be inferior and incapable. There was a great deal of suppressed anger but no way of expressing it; instead there was a passive acceptance of injustice. At the same time, obviously some of the women were strong, hard-working, intelligent and full of potential. They were fully responsible for the running of the household and had to work in the fields as well; the fifteen hour day went completely unrecognized; and the desires of the women counted for nothing in a routine of ceaseless work. Family roles constructed a woman in a particular way, inhibiting her from becoming part of an activity that had nothing to do with the family. Furthermore, caste and gender ideology encouraged her to look up to upper-caste males as admirable, even if exploitative.

Any women's development programme, the CRD realized, would have to help women realize their potential and self-worth, and harness this to the welfare of the women and the community. Women would need to become critically aware of the situation in which they were and thereafter organize themselves for change. The most difficult part
would be to sensitize men to women’s oppression and gender-related issues, especially if these meant more power for women.

The CRD began its work in September 1988 with a Community Health Programme (hereafter CHP) as it was thought that the entire community would benefit thereby. The CHP turned out to be not altogether a success because it was controlled by the men of the community, and while some women were trained as Health workers, men used the health committees to vent their factional differences and personal disputes. One important step taken by the CHP was to include Bhangi women as health workers, a first step towards Dalit unity, heretofore not possible with men’s groups. Another achievement was the setting up of Mahila Mandals in each village through which the CHP was organized. By 1990 it was beginning to be clear that women would play a role in Dalit community life, and in 1991 an area level women’s organization came into existence called the Bhal Mahila Committee. The Federation, meanwhile, had taken over the CHP. It became eventually clear that the CHP was not the best group scheme under the circumstances, and that in matters of health, people preferred to manage on their own; also, services, either governmental or non-governmental, were expected to be given free of charge; finally, the dispensary at Daheda was being used more by non scheduled caste groups. The CHP was given up in 1993. It has importance as the first woman-centred activity in the region, and was also the first to bring Vankars and Bhangis together.
Sericulture and handloom co-operatives were next attempted for women, but gender-specific problems (e.g. maternity leave, recognizing the authority of the woman in charge, women's vulnerability in the social system) led to the abandonment of these.

The Bhal Mahila Committee, however, is a force to reckon with. It has representatives from 27 villages, all being volunteer workers without salaries. It has representation from both the Bhangi and Vankar castes. The BMC participates actively in the Federation. It coordinates village level activities, defines development from the women's point of view, initiates new developmental activities, supports women with individual problems, helps local women's groups to make contact with bureaucracy and voluntary organizations, and supports the Dalit cause by protesting about atrocities against Dalits.

The Women's Credit Co-operative

Informal savings groups had been formed at the village level in different villages, in some cases more than one savings group in one village. These were in response to economic problems raised by the women in the period 1990-1991. The village savings group, whose members were all at the village level, required members to save a
certain amount every month. It selected members to form a savings committee which had the authority to check the group's functioning. Each village group had a representative on the Bhal Mahila Committee. It was the representative's responsibility to collect the money from the savings group and deposit it in the bank by the 10th of every month. She was also supposed to maintain monthly records and to record entries in individual and the village passbooks. There were many problems due to factional fights, and also the small size of the savings groups.

Savings were, however, of prime importance to the women, even more so, it appears, than income generation. At the first training camp held for women in September in 1991 savings emerged as an important issue and the need was expressed for the formation of a formal savings group. One area level co-operative, the WCC (spelt out above) was formed. All the women from different villages were to be members of this co-operative. It was registered under the Co-operative Act on 10 October 1993, and inaugurated a few days later in Daheda, where the Federation is housed. The Federation provides any help that may be needed; meanwhile two women staff members from the CRD worked with the WCC to set up management systems for savings, administration, credit, and repayment.
The WCC has a managing committee of eight members, a secretary and an assistant secretary. All these eight members are representatives on the Bhal Mahila Mandal. Thus while there is no legal link between the two bodies, decisions taken in either body are bound to affect the other, and the ties between the two bodies are very strong.

There are 37 savings groups, sometimes more than one per village, especially in villages where more than one community is represented, e.g. the Bhangi and Vankar communities in Kasbara. The savings groups are purely administrative units. Any co-operative member may deal directly with the Committee. A General Assembly is held every year to examine the functioning of the Committee. The WCC has 1025 members.

Tara Sinha in Women's Organizations in the Bhal (unpublished paper for the CRD, 1995) lists some of the specific achievements of the mahila mandals through the Bhal Mahila Mandal, the area level organization:

(i) Women of Galiana approached the authorities to solve their water problems and succeeded.

(ii) Women of Galiana dealt firmly with the Bharwads who were damaging their crops and succeeded in getting them out.

(iii) Women of Chanda boldly gave evidence during a police inquiry relating to atrocities against Dalits.
(iv) Bhangi and Vankar women of Indranej reclaimed land illegally grabbed by upper caste people

(v) Khanpur women spoke for the first time to the sarpanch regarding facilities for washing clothes

(vi) The Bhal Mahila Mandal took up the cudgels in the Pandad murder case where a woman was murdered and insisted on an inquiry.

These are actual instances of women acting on women's issues. Sinha also points to other gains from bodies such as the BMC and the WCC. Through these, women with leadership qualities have been provided with a platform to function as leaders in public and the psychological gains are immense if unquantifiable. Only those village mahila mandals with strong women leaders are functioning effectively, demonstrating the practical importance of leadership and women's capacity to provide it. The BMC and WCC allow women to emerge as leaders, and reduce the information gap resulting from the divergent roles of men and women.

At the same time it was felt that the CRD has hitherto confined itself to establishing sound economic organizations, but that social issues of gender injustice have not been adequately dealt with. There are many problems: women find it difficult to take a stand in many cases because of the intimate bond of the relationship between men and
women; furthermore, the conscientizing of women alone focuses on only half the population which is disadvantaged to begin with.

Reflection on these problems has led to the setting up of a Resource Group comprising ten Vankar and Bhangi women. It is the responsibility of this group to nurture leadership skills at the grassroots level, to raise awareness among men and women regarding issues of gender injustice. The Resource Group will strive to intervene in a) the workings of the naat regarding the making and breaking of marriages; and b) the area of reproductive health (BSC Annual Report 1997:28).

**Dalit Organizations as Symbols of Cultural Change**

Reference was made above to the symbolic effect of women's participation. F. Franco and V. Parmar (1996:108) speak of the reconstitution of reality effected by Dalit organizations. They speak of symbolic realities that organizations can create and generate, and suggest that the Federation and the WCC have modified the symbolic life of their society by challenging the discourse of *varna*. They create new realities. If till now the Dalits were kept outside the boundaries of the village, their own organizations now set the terms and demarcate the space of meaningful action and change: *"When one day, a group of Darbars (the oppressors par excellence) enter the premises of the Federation in Daheda to seek a compromise in a legal case, the*
symbol of the varna discourse is turned on its head. One has no way but to recognize the existence of this space, enter it and negotiate a new meaning.

For Dalit women the WCC building represents a new space within the new Dalit identity represented by the entire site where the Federation is located. Women argued for a place of their own, but a space carved out from the site occupied by the Federation. The setting up of the boundary for the WCC is significant. It comes into existence from the space won by the Dalit males. Dalit women are quite clear that the development of women in the Bhal cannot occur in isolation from their menfolk. They understand their struggle to be an independent and yet integral part of the Dalit struggle” (Franco and Parmar, 1996:104).