CHAPTER VIII

CONCLUSION AND SUGGESTIONS
Co-operation offers a golden mesa between the extremes of capitalism and socialism. Capitalism as an economic system with its many evils, such as, exploitation, wastes of competition, growth of monopoly and concentration of economic power, widespread inequalities of income, degeneration of human values in the craze for money and profits, is not suitable for India. Nor is there immediate possibility of acceptance of scientific socialism in India. Also, state monopoly in the name of socialism cannot be a substitute for socialism if the proletariats are not in reins of power. Sometimes socialism takes the form of executive authoritarianism in stead of dictatorship of the proletariat. This is also hard to swallow as an economic system.

India is committed to socialism, but it must be admitted in the same breadth that presently her economic structure is primarily capitalistic, though controlled. Here capitalism is controlled by different instruments, such as, fiscal policy (i.e., steeply progressive tax system), industrial licencing policy, legislative measures, such as, Monopolies and Restrictive Trade Practices Act, different welfare legislations ensuring fair wages and social security to the workers thereby checking the exploitation of the workers by the capitalists and at the time limiting the amount of profits reaped by the capitalists.

India is yet to accept scientific socialism as
its economic system. Moreover in Socialism the individual initiative for action is lost and the individual becomes only a tool in the state Machinery. The Indian constitution also allows wide scope for individual action and initiative. Dignity of the individual finds a high place here. Gandhiji also wanted to establish the Ram Rajya through individual action, initiative and self education. Gandhian values are to dominate the Indian polity for many more years to come.

Moreover, in India abject poverty prevails with 48% of the population living under the poverty line. Literacy is only 29%. Though it is an agricultural country with 70 percent of the population subsisting on it, yet its agricultural yield is one of the lowest in the world.

Under the above circumstances co-operation provides the best possible way to improve the lots of the teeming millions of Indians. Because co-operation will help the small individual to act in a big way; it combines mutual and collective gain without destroying individuality.

The remark of the Royal Commission on Agriculture (1926-27) that 'if co-operation fails there will fail the best hope of rural India' is still valid. Co-operation can play a very vital role in India's agrarian development. Similarly industrial co-operatives will confer collective ownership of the industries on the people. This will ensure distributive justice in so far as the profits of such co-opera-
tive ventures will be enjoyed by all the members in contrast to private undertakings, where profits are enjoyed by one or a few owners.

The usurious village money-lenders and merchants still hold sway over the villagers. The credit needs of the peasants are yet to be fully met by other agencies. Rural indebtedness is one of the primary reasons for the perpetual poverty of the majority of the villagers. The All India Rural Credit Survey Committee in its report revealed that the private creditor met 70 percent of the credit requirements of the villages in India. Government supply of credit was only 3.3% and that by the co-operatives was 3.1 percent.

The position of credit supply by the government and the co-operatives to the villagers in Assam is no better. This shows how the cultivators are at the mercy of the private money-lenders. This also signifies the need for strengthening co-operative credit to free the cultivators from the stranglehold of the money-lenders. In fact many measures have been undertaken to strengthen the co-operative credit societies. But the position has not changed much. Performance of the Agricultural Credit Societies in Sibsagar district and in Assam as a whole is far below expectation. As per the version of the Registrar, Co-operative Societies, Assam, presently the annual requirements of short term loan for the state would be of the order of
Rs. 31 crores, but in 1977-78 the Co-operative Credit Societies disbursed only Rs. 86 lakhs as short term loans. In Sibsagar district the Credit societies disbursed loans of the amount of Rs. 12.42 lakhs, whereas the requirements would be about Rs. 3.7 crores.

Co-operation has a very important role to play in agrarian reform and development. The size of land holding in India is very small. The Agricultural Labour Enquiry Committee (1956-57) revealed that about 19 percent of the people whose main occupation is agriculture, did not own any land, and about 48 percent held 2 hectares of land in size. Thus the unit of cultivation is very small. In average the size of holding for a family in India was .64 hectares. Moreover the holdings are fragmented. Since then the position has not improved, rather deteriorated. The small holdings cannot produce high yield. But the same if applied for joint co-operative farming, can raise the output many times, thereby improving the lot of the agriculturists. Co-operative farming may enable the farmers in availing themselves of the agricultural infra-structural facilities, advantages of mechanised agricultural and other better inputs.

About co-operative farming Jawaharlal Nehru in his speech in the Lok Sabha on March, 27, 1959 very aptly remarked '.... we are after, broadly speaking, raising the standards of our people, increasing our production and reorganising our agrarian economy, and thereafter having higher forms of social organisation which help in realising the social objectives we have in view ....'.

But the point to remember was that one of the main reasons why co-operative farming was commended was that it would increase production .... Any approach that would leave the peasant to eke out his living from his small holdings would inevitably lead to petrifying the poverty of the Indian peasantry .... We are just not going to admit or accept the fact of Indian poverty continuing or the poverty of agricultural classes continuing ....

In respect of co-operative farming, the record of performance of the state of Assam is very dismal. So, is the position of co-operative farming in Sibsagar district. The number of such societies in the district is 85. But presently none of the societies is functioning and lands under these are individually cultivated.

Similarly the role of consumers co-operatives is no less important. Such societies can arrest the price-rise and at the same time make available quality goods to the consumers at reasonable prices. In the first Chapter we have seen the role of Rochdale Equitable Pioneers Society -
- a consumer co-operative society in pioneering the co-operative movement in the whole world. Though the Consumers' co-operative movement started in India in 1912, yet it could make an impact only during the second world war. Many societies sprang up during the war, and these were engaged in the distribution of rationed and controlled goods. With the termination of the war and the withdrawal of rationing and control, these societies became functionless and consequently fell into oblivion.

In Assam also there was no consumers' movement worth the name till the commencement of the second world war. During the war many consumers' societies were registered, and the old ones revised. After the war was over, these societies became inactive in the similar fashion as elsewhere in India as shown in the previous paragraph. After independance, as part of the efforts of the state govt. to restructure and rejuvenate the co-operative societies, primary trading co-operatives were formed with the jurisdictional area of one panchayat for one such society. These societies were entrusted to deal in essential goods. They primarily dealt with controlled cloth and yarn. But with the decontrol of these articles, these societies also became inactive. Presently the Gaon panchayat level (G.P.L.) co-operative societies combine the function of consumers societies, in addition to other functions. But the performance of these societies in Sibsagar district, and in
Assam as a whole is not up to the mark. Only a few such societies in the district have shown good results.

There are many causes hindering the growth of Co-operatives in Assam. One of these is the lack of business acumen and non-adherence to the business and commercial norms strictly by the societies. There are many organisational and structural difficulties also. The dearth of good management personnel is keenly felt. Number of trained personnel is also limited. Moreover there is a general belief that co-operatives are not as keenly business oriented as other forms of business, and there is an element of laxity and charity in co-operatives. This belief is erroneous. Co-operatives are not charitable institutions, and these must follow the business and commercial norms closely.

Illiteracy is yet another formidable handicap. The gains of many schemes of co-operative development sponsored by the government do not reach the common man. In a case of the agricultural societies, the main beneficiaries are the rich farmers. The remark of Vera Ansty has still great validity. He said 'the co-operative movement from which so much has been hoped for so long, has not yet taken root, despite the government sponsored extension of societies. Only the prosperous cultivators appear to have gained any considerable benefit ...' 2

Too much pampering of the co-operatives by the state is also not desirable for the healthy growth of the co-operatives. In many cases it is seen that overdue loans of members of co-operative societies are written off by the state. Such exemption is a premium to future default. The government should guide, and help the members to the utmost, but in no case state help should amount to charity and to an attitude of paternal indifference to the habitual erring children.

In majority of the societies of Sibsagar district and of Assam, elections of the management bodies are not democratic. Coterie rule prevails in many of these.

Suggestions:
Gaon Panchayat Level (G.P.L.) Co-operative Societies:

(a) **Credit Aspect:**

(i) The loan procedure of the societies must be simplified. Presently much time elapses between the applying for and receipt of the loan by the members. Sometimes loan money is received well after the sowing season of a crop is over, for the cultivation of which the loan was sought. So measures should be taken for the speedy disposal of the loans. The loan articles are supplied to the societies by the government appointed agents. In fact these articles should be lifted by the societies themselves. But presently, due to storage difficulties the societies in stead
of lifting these themselves, allow the individual loanees to collect the same from the agents. This is inconvenient to the members on the one hand, and fraught with other difficulties. Societies should have their own store house.

(2) To provide guidance to the members in making proper use of the loan inputs, i.e., such as, fertilizers, pesticides, high yielding variety seeds, one trained personnel, preferably an Agricultural graduate, should be appointed for each two or three G.P.L. Societies.

(3) The rate of interest on short term loans should not exceed ten percent, which is 13% at the moment. Presently, for such loans the Financing Bank charges interest at the rate of 11%, and an additional 2% is charged by the societies.

(4) Presently the loans are financed primarily by the nationalised commercial banks. Steps should be taken to strengthen the Co-operative Banks, so that these can undertake the task of supplying the loans to the societies. This is necessary for the growth of a comprehensive co-operative sector.

(5) There should be a build-in-system whereby the Scale of Finance on the basis of which loans are sanctioned by the banks to the agriculturists, is automatically adjusted with the charges in the prices of the loan articles.
(b) **Suggestions in respect of distribution of goods by the G.P.I. Societies**

(6) The seeds supplied by the Seed Corporation are not always found to be of good quality. And the price charged for these is also high. The societies must ensure the fact that only good quality seeds are supplied to them. The Agriculture Department or specialists of the Co-operative department should certify the seeds supplied to the G.P.I. Co-operative Societies. Seeds also must be supplied at subsidised rates. There is a stronger case for supplying seeds at subsidised rates than supplying of sugar or such articles at subsidised rates.

(7) Because of multi-department connections and rivalry amongst them, there is sometimes inordinate delay in the supply of essential goods to the societies. For example in case of articles like sugar and salt, the societies are to contact the department of Supply, Food Corporation of India in addition to their own co-operative department. The Govt. should ensure that these involved departments work in close liaison and co-ordination so that the people's interest does not suffer.

(8) The Societies should try to supply to the members as many essential articles as possible. Now majority of the societies supplies only the controlled goods. They should try to diversify it so that they can be a potent instrument in stabilising the prices of these goods in the villages.
(c) Management and Functioning of the G.P.L. Societies

(9) The term of office of the Management Committee should be two years instead of present one year. One year term is too short for such a body. For the sake of continuity, cohesion and advantage in implementation of the decisions and policy of a management committee, the tenure of office should be raised.

(10) The Secretary of a society should be appointed by the Society itself, subject to the approval of the Govt. Though the present law is so, but in reality the secretaries are imposed by the Govt. on the societies. The Society being aware of the local conditions and temperament of the people, can definitely make a better choice of such a functionary, who is mainly responsible for the day-to-day operations of the Society.

(11) For the sake of close co-ordination between the G.P.L. Co-operative Society and the Gaon (village) panchayats, the president of the village panchayat should be an ex-officio member of the Societies.

Suggestions on Consumers' and Trading Co-operatives

Now in Assam, in the village area the G.P.L. co-operative societies serve as consumers' stores in addition to other functions. So, consumers' co-operatives are relevant only in urban areas.

(1) Consumers' societies should try to supply to the members as many articles of daily use as possible. Presently
these societies are engaged in distribution of only a few controlled goods, such as, salt, sugar, some varieties of clothes etc. The Govt. should distribute other scarce goods, such as, C.I. Sheets, cement etc. through these co-operatives.

(2) Active participation by the housewives and women in the activities of the consumers' stores is one of the reasons for the success of such co-operatives in the U.K. Here also, participation from women should be sought. Women customers should be attended first. And products, such as, embroidery clothes, sweaters, jams, jellies, produced and prepared by women should be marketed by the co-operatives.

(3) Assam State Co-operative Marketing and Consumers' Federation Ltd. (STATFED) should not open branches, where there is consumers' co-operatives and vice-versa. Competition between them is undesirable and would be harmful to both.

(4) Before the formation of a society, its viability, availability of finance and the needs of the consumers' should be thoroughly studied. Only to avail the benefits, such as, supply of controlled goods, price subsidy, etc., offered by the state, a society should not be started. Because a society dealing in such goods alone cannot thrive, not it does justice to the spirit of co-operation.

(5) The societies should issue purchase coupons to
the member-customers, and at the end of the year bonus should be paid to them on the basis of their purchases. This will be an incentive to the customers, which will benefit the society.

(6) Consumers' societies should supply quality and unadulterated goods. This would generate confidence in the customers, and help the society in winning their good will.

(7) As far as practicable the societies should avoid credit transactions. Accumulation of credit slips and failure to recover the dues are at root of downfall of many societies.

Weavers' Societies:

(1) One of the main problems of the Weavers' Societies is the high cost of their products. As a result the products are unable to stand the competition from similar mill-made goods. This is due to non-availability of raw materials in adequate quantities and at cheap rates. The Govt. should take steps through Assam Apex Weavers' and Artisans' Co-operative Federation Ltd. (ARTFSD) to supply good quality yarn in adequate quantities and at reasonable prices to the societies.

Improved looms also should be provided to the societies.

(2) To make the products attractive and competitive, new designs should be introduced. The Design Cell of the
ARTFED should keep itself abreast with the changing designs and tastes of the consumers. Even designs can be invited from the members of public and awards offered for them. Designs should be compiled in albums.

(3) Because of transport bottleneck in the entire North-East, the supply of raw materials is irregular. To overcome it a Yarn Bank for the North-East should be created. This would serve as a buffer and would help in reducing seasonal imbalances in the supply of yarn and ensure a steady supply of it to the societies.

(4) The management of the societies leave much to be desired. Considerations of economic viability and commercial character of the societies are never to be ignored. The absentee membership must be stopped. The functioning of the societies must be democratized, and the coterie rule prevalent in many societies must be broken.

**Industrial Societies**

In Chapter 4 and 5 two Case Studies have been made on Industrial Co-operatives. Their problems and solutions have been elaborately dealt there. The main problem affecting majority of the industrial societies is the non-availability of raw materials in adequate quantities. Steps should be taken to ensure supply of sufficient raw materials to these. One of the reasons for the poor performance of the Assam Co-operative Sugar Mills is the highly limited crushing season due to non-availability of sugar cane. The Mill autho-
pities must make all-out effort to increase it. The growers may be encouraged to adopt both intensive and extensive measures for it.

The management of the societies needs to be improved. Provision should be made to increase the number of trained personnel in co-operative management.

Co-operative Training, Education and Motivations

The dearth of managerial personnel is acutely felt in all categories of co-operatives. An efficient programme of co-operative education is a must for the development of co-operatives in sound lines. The following measures should be adopted.

(1) In view of the backwardness of the state in the sphere of co-operative and economic development, State Co-operative Training Institute at Joysagar should further be expanded so that greater number of trainees can be accommodated there.

One more Junior Co-operative Training Institute should be established. Also, in the Regional Co-operative College at Gauhati, provision should be made to increase the number of trainees in the Higher Diploma Course.

(2) To motivate the people in co-operation and to spread the message of co-operation, the Assam State Co-operative Union must take vigorous steps. By publicity programmes and holding meetings and symposia, the union can raise
the consciousness of the people. It should make its mouthpiece 'Sahajatri' attractive and useful.

(3) School Curricula should include the subject of Co-operation. Lessons in the form of simple stories and articles may be included in text Books for students from class V and onwards. At the Degree level, in Honours courses of Economics and Commerce, there should be a special paper on Co-operative principles, laws and development.

(4) Through the co-operative publicity programmes people should be informed about the preparation and usefulness of family budgets. These family budgets will be of great help to the government in devising schemes of credit and of production and distribution of consumers' goods.

The main factor in economic development is the man behind the plough or the machine. Hence motivation and education of the general people are of utmost importance. The state can provide the required infra-structure, but making best use of it is with the individuals. 'IT will inevitably be conditioned by their (people's) inner motivations and attitudes, most of which are still rooted or identified with religious belief and and obsolete tradition, are not integrated in a common value system, and are largely paralysed by limited aspirations'. Under these circumstances introduction of improved methods of production, such as, use

of high yielding variety seeds, fertilizers, new techniques of production etc. would be highly difficult. Hence any programme of economic development must centre round the human factor. So, the plan of co-operative development, hence of economic development since the field of public co-operation becomes in fact 'eco-terminus with that of the national development', must attack these unhelpful social attitudes, prejudices and inhibitions. To do this, spread of general and co-operative education must be expedited.

The privileged and educated section of the society cannot also disown their responsibility towards their underprivileged and illiterate brethren. They can help in creating a bias in favour of co-operative development by taking the leadership in forming co-operatives and in successfully running them. Co-operation as an economic democracy can survive if there is fellow feeling, secrecy and honesty among the members. The educated members of the society can provide the lead here.