CHAPTER XII

INTEGRATED APPROACH — PROJECTION AND PLANNING

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No organisation can grow by itself unless when internal forces and outside conditions are conducive to growth. The overall development of an organisation can be brought about by improving them. In this process of improvement, the possibility of refixing the values attached to the cooperative principles should not be ruled out. An attempt is made here to make a resume of the position of the K.V.I.coops in Surat District with a view to making further suggestions and placing them on a wider canvas for a proper perspective.

(A) Resume and Suggestions to Improve Internal Working.

1. Development of concept of khadi and village industries

We have seen in the first Chapter of this study that the khadi and village industries were revived by those who were mostly associated with the freedom fight during the first quarter of the 20th century. The aim was to make the people self-sufficient in their basic needs. This phase of khadi was in the nature of a relief measure. In the next stage minimum wages were fixed to reduce the exploitation of the artisans. Khadi programmes were made broad-based to include village industries and an attempt was made to conduct these activities in villages as part of a total integrated development. When the
country became free, the approach to K.V.Is ceased to be merely emotional and they secured a place of recognition in the national economy. An all India organisation was set up to organise and develop khadi and village industries and to make the programme an economic possibility. Thus, during the first 50 years of this century the concept of K.V.Is continued to grow from being a simple activity of 'swavalamban' to serving as the means of social, political and economic freedom. However, they remained the concern of the intellectuals and social sympathisers keeping the producers and consumers out of sight. The political freedom brought along high aspirations among all the concerned. It was, therefore, rightly suggested later to have an increased emphasis on the positive rather than the protective aspect of the development of assistance for these industries. Of late, efforts are geared to make khadi and village industries a business proposition by adopting better technology.

Thus, the concept of K.V.Is has gone changing continuously and every time it was used as a means of the fulfilment of a given cause. The first thing required now to be done is to bury the precedents and to relate the concept to the interests of the artisans. Secondly, the K.V.Is should be clearly treated as industries and economic activities and not as mere symbols of high sounding ideals and moral values. This will help give them a proper place in the national economy.
2. Industrial cooperation— Policies and programmes

It was further observed that cooperation both in principle and in practice was a familiar aspect of the ancient Indian culture. 'Kula', 'Shrenis', and 'Nigam' were the different institutions giving expression to cooperation in pre-Vedic and post-Vedic periods. Later, western cooperative movement gave a new inspiration to the Indian people who were enabled to spell out the codes of cooperation. At the instance of the British Government, cooperation was applied to agricultural credit and the Cooperative Societies Act of 1904 was subsequently modified to provide scope for the industrial cooperatives. The initiative and control of the cooperative movement remained with the Government. The industos began to gain importance only in the second quarter of the 20th century. Prior to political Independence, the industos did not get attention equal to that given to the agricultural credit cooperatives. Small, cottage, handicrafts and khadi and village industries found for the first time due place in the Constitution of Independent India and, consequently, in national planning.

The First Five Year Plan undertook some patchy measures to rehabilitate and protect the K.V.Is. The Second Five Year Plan recognised the K.V.Is as a potential source for providing employment among the rural masses and the principle of protecting them against unfair competition was accepted under the
banner of 'Common Production Programme' for the purpose of reservation of spheres. The Plan made some concrete suggestions to elevate the status of the induscos. The Industrial Policy Statement of April 1956 supported the small and V.Is by fixing pegs for the production in the large scale and by ensuring conditions for the decentralised sector to become self-supporting. The Third Five Year Plan decided to extend cheap finance, management subsidy and guarantee of advances to C.P.As to stimulate the growth and viability of the induscos. The Fourth Five Year Plan correctly realised the need for appropriate fiscal support and improving progressively the production techniques of the K.V.Is. The Commission's Fourth Plan aimed at organising the processing of cereals and pulses, palm-gur, neera, bee-keeping and lime industries through coops mainly and leather, gur-khandsari, handmade paper, fibre, carpentry and blacksmithy industries through both the coops and registered charitable institutions and gave importance to efficient management of business, cooperative leadership and to a proper supervision of the cooperative activities. It was further observed that since cooperation was an urgent necessity for the economic development of India, the national policies and programmes had to be devised to enable the induscos — and particularly, the K.V.I.coops — to coexist with private and public industries.
The growth of the policies and programmes pertaining to the induscos, however, remained slow; and, it was still slower for the K.V.I.coops. The cooperative movement in the main continues to be the concern of and under the control of the Government. Till today the attention is concentrated more on providing statutory support and pronouncement of laudable policies and programmes at the national level than on their concretisation. The whole burden of the cooperative movement, in fact, is ultimately borne by the primary cooperative unit. It is high time that we concentrate on an efficient implementation of the policies. Cooperation being a State subject, the policies and programmes should become the sole business of the State and the Union Government should refrain itself from giving directives. The State Governments will then realise their responsibility and will be able to pay due attention to the strengthening of cooperation.

3. Industrial cooperatives in Gujarat

In Gujarat, the beginning of the cooperative movement was made in Baroda District in 1889 for providing credit to middle class people. Officially, the cooperative movement began in 1905 through the establishment of an agricultural credit society at Visalpur in Ahmedabad District. This was followed by non-credit agricultural societies and, further, by non-agricultural coops. Cooperative industries were mostly a post-independence development. Later, the
district cooperative industrial associations and apex cooperative industrial association were established. The State policy was to develop village and cottage industries through induscos. The first industrial cooperative bank was set up in Surat in 1949. In Ahmedabad District, some coops of weavers and tanners were organised after 1925 and the induscos grew up at the instance of the organised industries. The coops of weavers, tanners, carpenters, masons, bamboo workers and dyers were organised in Amreli District.

In Kaira District, the fastest growth in any one group was recorded in the khadi gramodyog coops. The District Khadi Gramodyog Association came up prominently in organising sales. Because of predominantly backward class population, the growth of induscos in the Panchmahals District remained static. Traditional artisans mostly remained unorganised in Banaskantha District for historical reasons. Broach District had induscos despite many natural calamities. The induscos in Mehsana District became sufficiently broad based. Baroda District had pioneered in cooperation in India and had remained a progressive State in organising coops. The District provided a good organisational base for induscos. The cooperative movement in Sabarkantha District was practically absent at the time of the attainment of political Independence; and, the induscos are yet to grow and develop on their own course,
but they have made a unique contribution in organisational pattern by registering the federation of leather coops.

The first Kothi of the British was established in Surat and the District found the British leading in the fields of industry, trade and commerce. This provided a wider background for artisans and producers to organise coops for most of the industries ranging from Khadi to the modern Jarri industry. Along with this, the further growth of other agencies like services, financing, etc., in this District provided additional opportunities for broadening the base of induscos which were not available to any other District in Gujarat. The District made a headway in establishing the first Cooperative Industrial Estate in India.

Junagadh and Bhavanagar States then were having cooperative Acts but the progress of the movement was very slow. After their merger with the then Bombay Province, the Cooperative Societies Act was applied to the whole of Saurashtra and Kutch. After the formation of the Gujarat State in 1960, cooperation gained more attention than before and the growth of coops, particularly of the induscos, was visibly seen. The State Government adopted a progressive outlook in providing statutory measures, particularly in respect of self-regulation, de-officialising the cooperative movement, non-restriction on the holding of elective offices,
extending scope from the economic interest to the welfare interest, etc. However, the efforts were not uniform in all the parts of the State, attempts made were not coordinated ones all over the State, and the 3-tier organisational structure continued to suffer from an inadequate integration at all levels.

In Gujarat, the induscos have opened new avenues for the cooperative movement. They are encouraged to become broad-based. With the advent of new cooperative industries and cooperative processing industries, need has now arisen for providing a better organisational pattern. Unless this is done, weak coops like the K.V. Is will have a bleak future for survival in the days of unfair competition and fast modernisation. Secondly, the State Government should pay more attention to cooperatively backward districts and the programmes should be taken up on positive lines. Unless the movement is evenly spread in the State, it will not be able to contribute massively in the industrial field. Thirdly, if the experience of Surat District has any lesson, the District places should be equipped with multifarious servicing agencies to serve the induscos. The needs of the producers' coops are wide-ranging and they cannot thrive in the absence of the required facilities. The induscos can thrive better amidst an industrial complex. Fourthly, provision is required to be made for regulating the period of holding elective offices because the present State Government and the
propounders of cooperation in Gujarat should not be over-confident of getting good cooperators from the public leadership for all time to come. Economic organisations like the induscos cannot be allowed to take a chance since the interests of weaker sections of society are involved.

4. **Consolidation period for khadi and village industries cooperatives**

Chapter IV has dealt with the efforts made by the Commission at the national level for consolidating the K.V.I.coops. The policy of the Commission has been to protect and develop the self-employed artisans on cooperative lines. It has striven to decentralise the work and to promote the formation of coops and not to encourage unitary federations. The registered institutions have been asked to provide facility of apprenticeship to artisans desiring to organise into coops. Multi-purpose and multi-industrial coops have also been tried in selected areas. A form of copartnership and auxiliary type of coops had been suggested subject to the approval by the Government of India.

In 1961-62, the Commission decided not to expand but consolidate the K.V.I.coops. Through the Maharashtra Khadi and Village Industries Board, 293 artisans multi-purpose coops were organised on the block level for providing credit in the beginning to the member-artisans of selected village industries. Efforts
were also made to channelise funds through commercial banks but with no results. Proposals were submitted to the Government of India for the approval of the establishment of an All India Village Industries Bank as a subsidiary to the Commission. In order to avail of the accommodation of refinance facility extended by the R.B.I., the Commission has also approached the Government of India for subsidising the difference of interest, providing margin money, to waive the floating charge and to accept the second charge over the assets of the coops. The Maharashtra State Cooperative Bank is exploring the possibilities of availing of this facility.

The Commission conducted special training courses for the managerial and secretarial personnel of primary coops and subsequently prepared a scheme to be availed of by willing State Boards. The training facilities provided by the Committee for Cooperative Training are utilised by the Commission. A standing offer was made to meet the cost of special officer to be appointed to deal with problems of organisation, registration, audit control, etc., of the K.V.I.coops and some State Governments took advantage of it for a few years. The Commission offered to meet the cost of the audit staff and suggested the constitution of a panel of chartered accountants for the timely audit of the K.V.I.coops.
The State Governments were persuaded to transfer most of the powers of the Registrar to State Board officers so as to deal with all the types of difficulties of the K.V.I.coops but only 6 State Governments actually transferred some of these powers. A secretarial cadre scheme was implemented for 5 years in Sangli District of Maharashtra State as an experiment to assure the K.V.I.coops regular working. The results of the experiment were useful but the scheme has not been extended anywhere else. Efforts were also made for revitalisation of dormant coops.

On the whole, the growth of K.V.I.coops has been encouraging. The number of K.V.I.coops had increased from 4,870 in 1958 to 24,313 in 1971. A large number of the coops were for village oil, leather, processing of cereals and pulses, palm-gur, neera and pottery industries; the growth of the coops under khadi, oil, leather, palm-gur, neera, handmade paper, beekeeping and carpentry blacksmithy was nearly unchanged at the 1964 level; and, coops under processing of cereals and pulses, cottage match, gur-khandsari, soap, pottery and fibre had continued to grow from 1958 onwards.

None the less, these coops are still handicapped by several factors. Even with over 20 years of experience, the Commission has not been able to arrive at any tenable base for these coops. The period of the last 14 years or so should have been spent on bringing about some financial discipline in them. The training programmes
have not been fool-proof. The support of the State Governments and the State Boards has been wanting. The number of dormant, languishing and liquidating societies has been increasing every year. The good experiences have not been multiplied for want of conviction. The K.V.I.coops have continued to be the divided responsibility of the Commission, the State Governments and the State Boards.

The autonomous agencies assigned to develop K.V.Is through coops have not been able to make any impact in the pattern of organisation and financing of the coops. The different attempts made for providing training, improving administrative measures and reorganising the coops have been half-hearted, indiscriminate and non-pragmatic, causing confusion among the coops and shaking the confidence of the genuine cooperators. This distressing situation can be overcome if steps on the following lines are taken:

(1) The Commission, being an all-India body, cannot afford to encourage registered institutions and unitary type of coops at the primary level at the cost of cooperatives. It should endeavour to make the different forms of primary coops fool-proof by undertaking prolonged experiments under controlled observation and then multiplying them where local conditions are favourable. Similarly, no specific form of a higher cooperative organisation should be suggested or advocated by it. The evolution of the form of a higher
cooperative organisation should be left to a mature consideration. Establishment of a higher cooperative organisation in advance of the primary cooperative units should not be encouraged.

(2) At present, the Commission is the sole financing agency for K.V.I. activities. Though the Khadi and Village Industries Commission Act bestows on the Commission a statutory status and power, in practice it does not enjoy the power of an autonomous financing agency. Unless adequate provisions are made in the Khadi and Village Industries Commission Act, the State Boards and State Governments would continue to undermine or disregard the counselling of the Commission.

(3) In its internal working, the Commission should not remain satisfied with sporadic attempts to improve the working of the coops but should plan out with conviction long term programmes of improvement ensuring continuity and coordinated effort on the part of all concerned.

(5) Khadi and village industries cooperatives in Surat District—The environment and the members

Chapter on 'Khadi and village industries cooperatives in Surat District— the environment and the members' has brought out various aspects of the surroundings in which the K.V.I. coops and their members were working. Generally, the coops are located in the interior places of convenience and have brought under their operation a large number of distant but approachable
villages for the purpose of business and membership. Taluka places have assumed the importance of potential growth centres particularly in the matter of establishing coops. The K.V.I. coops are working as a part of a multi-institutional set up evolved at the village level to work at grass-roots for the development of rural areas.

In respect of organisational pattern, the K.V.I. coops in Surat District have paved the way for District level multi-industrial federalism, discarding the utility of unitary cooperative federation at the Taluka level and the national level. The primary coops have developed multi-institutional relations at the village level without restricting themselves to cooperative institutions alone. At the level of members, many families have one or more persons as members of different coops. Thus, it is seen that cooperation at all levels is based on ties of various purposes. The members of K.V.I. coops are constantly affected by social and economic environment. The caste and community barriers keep a check on occupational direction. The infrastructure facilities are not so scarce as normally is the case with many rural areas in India. The strength of the earning members in families is favourable even though the investment made in them is not of a purely productive character. Having the benefit of the atmosphere of other institutions around them, the artisans stick on to coops. In spite of limited income from their main
as well as subsidiary occupations, the artisan members have shown the tenacity to withstand the burden of social obligations.

The foregoing situation could be further exploited to the advantage of the K.V.I.coops if the following facts are recognised:

(1) The primary coops cannot flourish with the help of a financing agency, the Cooperative Department and the members alone. Their dependence on other institutions, consumers, suppliers, infrastructure facilities, location, etc., is equally important for their growth. The coops cannot thrive in isolation but can continue to work only as a part of the overall economic life of the people in the area.

(2) Taluka places have assumed a great importance in the operational cycle of the primary coops. They are, therefore, required to be developed as growth centres if economic activities in the rural areas are to be strengthened and expanded. The advantages of having such growth centres for the organisational, technical and marketing problems could be immense. In view of the limitations of this study, only a passing mention is made here about the usefulness of such growth centres.

(3) The scattered membership based on castes may restrict the growth and expansion of the coops.
Hence, various programmes have to be devised for providing opportunities for new entrants to khadi and village industries so as to increase the strength of the artisans. The basis of membership should be the occupation and not the interest, caste or birth. Unless the artisans are made available in a greater number, the coops may remain weak in all respects.

(4) The artisan members and their family members are required to be provided with general education also and not merely the cooperative education. The cooperative education has a limited purpose which does not help them to work out the many sided prospects of the family. General education can bring about consciousness among the artisans about social dogmas, taboos and traditions coming in the way of cultural and economic betterment. Such an awakening can help them decrease their social liabilities and increase economic assets. The cherished desires of the planners and economists can be fulfilled in a great measure through wide spread general education. The family, as an institution, must develop a certain level of understanding in order to strike a balance between what is socially desirable and what is economically harmful.
Chapter on 'structural part: bye-laws and their salient features— an evaluation' draws a vivid picture of the bye-laws adopted by various coops under study. Each set of bye-laws has something special to state.

The Borisavar Khadigram has fixed the limit of sympathiser members at 5 but provided a ceiling limit of 3,000 worth of shares for any member. The non-member president of the general body meeting is not given a voting right at par with that of the members but he is entitled to give a casting vote in case of equal voting.

The Poona Khadigram has given some more powers to the general body for keeping the managing committee active.

The bye-laws of the Vyara Khadigram have set out very wide objectives which overshadow its prime function and places the intention of the promoters in doubt. The qualifications for membership are not adequate. Any person above 18 years of age residing within the geographical limits of Vyara Taluka can become a member. The provisions are loose enough to have a minimum of 6 and a maximum of 15 members on the managing committee and in having the powers to fill up the vacancies of the managing committee members. The profit-distribution provisions are so stringent that members are permitted to draw the least financial benefits as returns.
Mandavi Suthar has laid down minimum but precise and measurable objectives. The negative qualifications laid down for membership are directed to accommodate the local genuine needy artisans. The general body is given option to choose any one method for raising deposits from members. Employees completing one year of service are encouraged to be the members of the coop. The managing committee is required to meet every month. Provision is also made to obtain minimum security of ₹.500 from person handling the sale-proceeds. The Khadakachikhali Suthar and Saraiya Suthar have adopted bye-laws similar to those of Mandavi Suthar.

The bye-laws of Gijaram Ghani have made a distinction in prescribing ₹.10 as the value of share to be issued to a sympathiser and ₹.100 for the shares meant for artisan members but no such distinction is made in respect of voting rights and financial benefits. The representative of the Board on the managing committee is not given any rights or powers to make himself effective. Provision for creating a price fluctuation fund is made, but the provision of 20 per cent of the residual profit is superfluous since net profit is fully distributed for other purposes. The Mangarol Ghani has adopted bye-laws similar to those of Gijaram Ghani. Surat Ghani, in addition to what is provided under the bye-laws of Gijaram Ghani, has made provisions for the supply of required goods to members on adequate security and for enabling any person doing ghani oil-pressing, to become a member without working for one year under
probation and thereby has dispensed with the old tradition of admitting those only who are Telis by birth.

The constitution of Sonagadh Vans does not intend to encourage the self-employed artisans and has set out the objectives which are directed to work for the society's production only. An element of compulsion is injected by making it necessary to purchase at least one share every year till 20 shares are owned by each member. The membership is made open to any person knowing the bamboo work. The bye-laws make it obligatory for the person attending to sale-proceeds to give a minimum security of Rs.1,000. The managing committee is empowered to compel the members to pay long term deposits at the rate of Rs.0.25 payable in cash every month. No provision is made for any deduction towards share capital deposits. The maximum credit limit of the coop is to the extent of its own funds consisting of paid up share capital, reserve fund and other funds less accumulated losses. This is an unusual major departure chosen by the authorities concerned.

The significance of the objectives covered under the bye-laws of Vyara Vans lies in the numerical strength of its objectives. It has embodied 16 different objectives widening the scope, functions and activities to unlimited boundaries and without keeping due regard to the resources and ability. The bye-laws have made
room for enrolling 95 per cent members from the backward classes but 85 per cent of members have to be from the labour-artisan class. The elective terms of the president of the managing committee is fixed at 2 consecutive years and can be extended for one more year in special circumstances. It is provided that the representatives of Surat Jilla Jungle Kamdar Sangh will work as president and secretary of the managing committee and their honoraria will be fixed on the consent from the Sangh. All appointments and dismissals have to be made with a consent of the Sangh. The Sangh is further empowered to arrange for the dismissal, the removal or the replacement of the managing committee or any member thereof. The Sangh is authorised to instruct the C.P.A. to close the cash credit account of the coop if, according to the former, the funds are not properly utilised. Thus, the management of Vyara Vans is virtually resting with the Sangh and the society is put in an auxiliary position rather than that of copartnership.

The constitution of Ambach Vans is indebted partly to Sonagadh Vans and partly to Vyara Vans with the result that it is placed on par with Vyara Vans in respect of the managing committee and its functions and control over the finances. The bye-laws of Nanchal Vans are the same as those of Vyara Vans. In addition, a provision is made to raise the fund by charging 6.25 per cent on the sale value of
the finished goods produced by the member from out of the raw materials owned by him. Bhint Bhudrak Vans has followed the set of bye-laws of Vyara Vans, and has further made a provision to convert the fund raised by the prescribed methods into share capital contribution.

The byelaws adopted by Borkhadi Neera have set the limit of maximum credit to 10 times the paid up share capital, reserve fund and building fund less accumulated losses. The State Government is recognised as eligible to become the member of the coop without specifying the share participation. The bye-laws have further banned the provision of work to non-member artisans in all circumstances. The general body is empowered to appoint the secretary approved by the Cooperative Department. The duties and functions of the secretary are fixed under the bye-laws. It has been stated in the bye-laws that the sales should be made through the society's sale centres and no agent or institution should be appointed on a commission basis. It is further stated that provident fund will be paid at 9 per cent of the paid-up share capital of the individual member, but no percentage of allocation from the net profit has been prescribed. As per the rules, it has to deposit not more than half of the reserve fund in any cooperative bank approved by the District Registrar.
The constitution of Choryasi Neera has brought out the objectives more comprehensively to cover the neera industry and cooperation. The membership is made limited to artisan members and the number of non-artisan members is left out unspecified. The coop has provided for the acceptance of deposits from non-members. Various provisions pertaining to financial matters are so made as to maintain the balance of interests between members and the coop. No share limit is fixed for any member but it has fixed the liability of the members to 5 times the value of shares held by him. The managing committee is bound to execute the suggestions made by the Board. Provision is made to take 'saving deposits' from members. This makes a departure from mere 'deposit' with a view to inculcating the spirit of cooperation. The constitution adopted by Ghantoli Neera, Vaold Neera, Vedchhi Neera, and Vaheval Neera are mostly similar to that adopted by Choryasi Neera. Hence, there is no additional specific contribution worth mentioning.

No set of bye-laws of any of the K.V.I.coops is perfect in all respects. The best course would have been to suggest model bye-laws incorporating the desirable provisions picked up from all sets of bye-laws and dropping the useless ones from them. Due to limitation of space, this is not attempted here; nor is it desirable to repeat all provisions which are useful and which are not. It is suggested that
discretion be used keeping in view the remarks given for each of the bye-laws and efforts be made to finalise the set of standard bye-laws for adoption on merit by each coop. Besides, the standard bye-laws for K.V.I. coop should ensure the following by incorporating suitable provisions:

(1) for adequate financial stake of the members;
(2) for public accountability of executive and general body;
(3) for more positive distribution of net profits rather than security based distribution; and,
(4) for providing for inbuilt/indirect control of members over the general body and of the general body over the executive and vice versa to keep everybody concerned active.

Having evolved such standard set of bye-laws, the Cooperative Department may arrange to get it adopted by each of the K.V.I. coops in order to arrest future lapses. Secondly, as we will be dealing partly with the application aspect of the bye-laws in the following paragraphs, the gaps observed in operation may be also taken into account accordingly in finalising the standard bye-laws. If the experience speaks otherwise in respect of some of the important aspects, the advisability of keeping such provisions may be reconsidered. It is not necessary that the bye-laws are made as high-sounding codes. They should be simple and more useful to bring operational efficiency. Finally, the Cooperative Department should
be alert to follow all constitutional requirements laid down in the bye-laws. This will ensure the coops economic and social status in the long run.

7. Organisation and administration—Observations, Constraints, Limitations, etc.

The study of organisation, administration, constraints, limitations, etc., has brought to the surface some facets of the application of the cooperative ideals. It reflects the operational conditions beginning with the conception of a cooperative society.

To put it briefly, during the pre-registration period, the human element in the artisan members is dis-respected by all concerned and the willingness on the part of members to accept the form of economic self-discipline is undermined; the post-registration period baffles the management and members of the societies in deciding the nature and the scope of the activities to be undertaken by them. The agencies and Departments concerned are observed to be passive in giving any lead or support to the organisations facing initial disappointments. The study has further revealed many irregularities of administrative, constitutional, accounting and routine nature of varying degrees in the working of the coops. The overall situation about the working of the societies was reflective of the inability to elect and support intelligent and honest managing committees. The large gap between the preaching of cooperative ideals and their practice was quite visible. Particularly, the various observations made about the
working of coops in contravention of certain provisions of the bye-laws and the undemocratic ways in which the managing committees were working are worthy of immediate concern. The suggestions made about reorganising the primary cooperative set up and reforming the cooperative field staff to meet the needs of the existing coops and artisans' multi-service coops are pragmatic. The study has also pointed out the dimensions of the efforts required to be made for the improvement of the coops without disturbing the local conditions.

The position analysed in Chapter VII reveals that the members including promoters were not cooperators in the true sense of the term. The executives and the general body worked short of provisions and expectations. The supervisory staff was very superficial in exercising its administrative functions. The management of financing agencies showed indifference towards the coops. Thus, all concerned did not demonstrate fully their sincerity to the coops.

How then can the idea of a cooperative as a suitable form of organisation be fostered effectively? The coop has not been a living organisation. The persons involved are the life and blood of the coops. The question then arises as to how all of them can be made to fulfil their obligations? This can be done only by providing adequate incentives, not necessarily pecuniary. Of course, such incentives could be external in character too. The members may always seek financial benefits, the
executives may crave for position and social status, the Departmental staff may look for recognition of their contribution and the financing agencies may wish to have better returns. These incentives could become a possibility if all concerned work with sincerity. Thus, it is a vicious circle which can be broken only by a group action and not by sporadic attempts. Such a realisation should flow concurrently from all concerned. Suggestions made in Chapter VII will not be effective in the absence of such realisation.

8. Management—Structure and working of plural executives

The special feature of the executives of the K.V.I. coops was that 31.8 per cent of the members worked consecutively for 5 years and more during the earlier 10 years of the period under review. The degree of control of sympathisers was evident from their strength of 169 as against 74 primary members. Most of the coops were not without the sympathisers on the managing committee. There were instances of executives remaining unchanged for a number of years. Only 7 K.V.I. coops were benefited by the participation of representatives of various agencies in the managing committees, while 11 coops had none. The position of executives was not different during the base year i.e., 1966-67. Fifteen coops were having sympathisers as chairmen of the executives and 5 sympathisers as vice-chairmen. Many villages were represented on the managing committee.
In respect of their qualifications, the number of illiterates and of those who had studied up to primary level was greater among the primary members than among the sympathisers. A large number of persons with relatively better education and longer experience came from among the sympathisers and partly from among the coopted members. Most of the sympathisers were from a relatively better economic class.

Higher frequency of managing committee meetings was observed among neera and ghani oil coops. March to May was the leanest period for holding managing committee meetings. The executives vested important powers, always, in the office bearers. Technical guidance was given mostly by the chairman or the secretary. The time devoted by primary members of the managing committee to its affairs was on an average more than the time given by the sympathiser members.

The representative opinion data revealed many interesting aspects. It brought out that all the artisans did not join the coops partly because the latter were not able to serve more members and partly because of the availability of sufficient profitable work to them, otherwise. The majority of them were concerned about the low prospects of their occupation and did not favour their children following the same occupation. Nearly one fourth members stated that discrimination was exercised by the management in respect of opportunities of work. The majority of the members
were not in favour of open membership. The majority opinion stated that other members of the managing committee generally agreed and subscribed to the views expressed by the office-bearers. Most of the members were satisfied with the leadership of office-bearers. Thus the management of K.V.I.coops was controlled fully by the sympathisers — mostly the non-artisans — who neither possessed a business acumen nor were bestowed with human attributes. The artisan members, in most cases, were denied the minimum opportunities to work and develop the industry themselves.

To correct this situation, the executive functions of the coops should be made more democratic. The artisans should be well equipped to perform their economic and managerial functions without which their effective participation in the management and control of the coops would not be realised. Today the democratic methods and cooperative principles are not allowed to percolate down to the artisan members and their families. Under the circumstances, it is suggested that a long-term package approach be adopted to remove the control of the sympathisers and to obtain from among the artisans persons with human attributes. A job rationalisation and greater awareness of the administrative responsibility are a must for Departmental representatives. A satisfactory harmonious relationship amongst the members of a managing committee is necessary for the operational efficiency. The chairman
coops should be brought in line accordingly on merit to avoid further casualty.

(2) The pattern of assistance of the Commission may be treated as only a guideline and the element of flexibility should be introduced so as to increase, decrease or change the purpose and amount of assistance in relation to local conditions. Provision to extend financial assistance to individual artisans should be extended to cover all village industries and made broad-based to cover other production and consumption requirements of the self-employed artisans.

(3) After making a full estimate of the weaknesses of the khadi and village industries, an independent all-India organisation — the Khadi and Village Industries Commission — was set up for providing cheap finance to these industries instead of tying them to financing agencies like the commercial banks and the C.F.As. This was because the financing agencies would not be loaded with promotional and developmental responsibility. The statutory functions of the Commission include financing along with promotion and development of khadi and village industries. This dual personality has its own advantages and disadvantages which are not discussed here. So long as this exists,
specialised functioning and control will be a remote possibility. Introduction of institutional financing will remain a fad with its protagonists in position and power so long as the twin functions of the Commission continue, mainly because it will be difficult to carry conviction to the financing agencies and the primary coops about the adequacy of cheap, composite and secure financing arrangements. The primary coops do not want to go to the banks and the financing agencies are hesitant to finance traditional industries for various reasons stated earlier. At the same time, financing by the Commission/State Boards is centralised at the State level, whereas nearness of the financing agency is desirable for the purpose of supervision, control and guidance.

Hence, at the present juncture, the only possible practical course appears to lie in the bifurcation of the Commission's role and the opening of District level branch offices of the Commission/State Boards with the authority to look after the finance functions. This can ensure the flow of cheap, timely, adequate, composite finance to primary coops and registered institutions without dismantling the present facilities. The institutional financing of the
K.V.I.coop and the registered institutions can be practicable only after the sole responsibility of financing is taken away from the Commission/State Boards, if it is to be made operative. Here, too, it is suggested that refinance facility should be for block capital as well as for working capital requirements and the advances should not be at cheap rates. This will help the primary units to get all types of financial requirements from the nearest branch of any of the financing agencies and will inculcate in them a financial discipline and awareness. But with the way in which the subject is being handled by the authorities, there is little hope of this to be implemented so soon, even though this is a better alternative.

(4) The coop should, if it likes, adopt some regimentation in its planning and programming. The scale of production/service activities should be predetermined for a certain period, say, five years. Open membership and change of production/service scales on the higher side should not be allowed to hinder the scheduled working of the cooperative. The inter-relationship between the resources and the beneficiaries should be maintained persistently.

(5) The position of investment has been presented earlier under Table IX.20. The societies, with the help of the investment shown against each of them, were enabled to effect the sale proceeds as shown in
Table XI.3. If the linking of investment to sale proceeds is any method to assess performance of these coops during 1966-67, the position was as under:

<table>
<thead>
<tr>
<th>Coop</th>
<th>Rate of return %</th>
<th>Coop</th>
<th>Rate of return %</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-1</td>
<td>13.1</td>
<td>C-10</td>
<td>3.5</td>
</tr>
<tr>
<td>C-2</td>
<td>5.6</td>
<td>C-11</td>
<td>0.7</td>
</tr>
<tr>
<td>C-3</td>
<td>1.2</td>
<td>C-12</td>
<td>5.6</td>
</tr>
<tr>
<td>C-4</td>
<td>3.0</td>
<td>C-13</td>
<td>1.0</td>
</tr>
<tr>
<td>C-5</td>
<td>5.6</td>
<td>C-16</td>
<td>1.6</td>
</tr>
<tr>
<td>C-6</td>
<td>1.5</td>
<td>C-18</td>
<td>0.4</td>
</tr>
<tr>
<td>C-7</td>
<td>2.1</td>
<td>C-19</td>
<td>503.7</td>
</tr>
<tr>
<td>C-9</td>
<td>2.1</td>
<td>C-20</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Thus, the rates of return in respect of each of the coops, with the exception of Borisavar Khadigram, varied from the highest of 13.1 per cent to the lowest of 0.4 per cent. The mean rate of return came to 3.6 per cent. The rate of return of Borisavar Khadigram came to 503.7 per cent. It was exceptionally very high. The reason could be that of credit purchase of all the materials for sale. Ambach Vans stood next by scoring the rate of 503.7 per cent. Gijaram Ghani, Bhint Bhudrak Vans and Vyara Vans
stood next by attaining the rate of 5.8, 5.6 and 5.6 per cent respectively. They were followed by Vyara Khadigram with 3.8 per cent, Valod Neera with 3.5 per cent and Sonagadh Vans with 3.0 per cent rates of return. Choryasi Neera and Vaheval Neera attained each the rate of 2.1 per cent. The remaining 6 coops had their rates below 1.6 per cent. The picture, thus, was not very satisfactory.

Observations: This attempt to assess the performance is in the nature of measuring the degree of success of the coops. This process of evaluation has its own merits since it indirectly covers so many aspects. Technical and economic considerations are given due place. The commercial aspect based on market-demand and adequacy of marketing channels is taken care of fully. Adequacy of funds and the ability to meet all the financial obligations during the operations are also examined. The quality of management and staff along with the administrative structure are also among the other aspects which are covered in the evaluation process. Such a process can be of help in looking ahead and providing adequate impression of the justification or otherwise for the investments made. The traditional method of evaluation is not satisfactory on all grounds and may be dangerously misleading. There are a number of variations in this method but all are limited by the failure to take the time factor into account. It is only the discount method which
can account for time factor, provided adequate data are available. None of the coops has adopted either the crude rate of return method or any other traditional methods to evaluate its success or failure. Since various traditional methods like input-output ratio, pay-back, inspection, etc., are simple enough for making calculations, each one of the K.V.I.coops can adopt any of them with convenience without incurring any additional cost. That should help them in making sound business decisions.

(16) **Patterns of processing and employment**

Chapter X brings out the various patterns of processing, employment and income which prevailed among the K.V.I.coops and the artisan members in Surat District. These coops were purchasing raw-materials from the cooperative agencies from far-off distances. The important powers pertaining to purchasing rested mostly with one or two office-bearers. However, the required quality of raw materials were not purchased. The societies obtained the least facilities for stores and work-places. In their internal working, the coops were generally found assigning the work of budgeting and planning to selected persons who were comparatively better educated than most of the artisan members. The societies purchased goods on cash as well as on credit basis with related advantages and disadvantages. Many societies fixed the wage-rates on piece-rate or daily wage basis for their major activities. At times such
wage-rates were finalised by the management alone or by one or two office-bearers only. (Rates of wages for hand-spinning and hand-weaving have been prescribed by the Certification Committee of the Commission but no such wage-rates have been prescribed for the village industries under the purview of the Commission.) Costing methods or practices followed were not uniform and standardised.

The pattern of employment and earnings varied from society to society. The average annual or seasonal wage of all the artisans came to Rs.384.6. The vans coops provided an average wage of Rs.521.9 to part-time workers. The K.V.I.coops had registered progress during 1962-63 to 1966-67 in respect of the quantum of employment and earnings. The level of earnings remained low mainly because of the complete absence of improved methods of working. At the same time, employment and incomes earned by the artisan members at the family level greatly varied from industry to industry. The bamboo artisans earned a daily average income of Rs.3.53 for the major part of the year. Most of the artisans worked on self-employment basis. The neera-tappers were mainly employed on wage from September to June and were enabled to earn Rs.5.16 a day on an average. Telis were self-employed mostly from July to February earning on an average Rs.3.94 a day. The carpenters and blacksmiths got work throughout the year earning the highest daily average wage of
Rs.11.26. The artisans of khadi gramodyog coops worked thinly for the whole of the year which brought them a wage of of Rs.2.82 a day, on an average.

The overall position of the employment frequency between the self-employed and the wage-earners was 60:40. Out of 98 artisans selected, 37.6 per cent got work mostly for a period of 7 months in a year. The overall earnings of the artisans fared well in comparison with the prevailing agricultural wage rates. The artisan families earned 57.80 per cent of their total income mainly from agriculture and service, and their income from K.V.I. formed 12.40 per cent of the family income. The income from K.V.I. is thus formed a supplementary source of income. Income from trade, implements and casual labour constituted 25.23 per cent. They earned 4.57 per cent of their remaining income from animal husbandry, poultry and other sources. Thus, the artisan families remained dependent on more than one occupation, while 62.4 of the families did not earn any income from K.V.I. activities at all. This is very much surprising.

In order to improve this position, a few suggestions have already been made in Chapter x. A few more suggestions are made here:

(1) At the present level of the traditional techniques adopted by the artisans, the return from village industries would be no better than forming a supplementary source
of income. The problem, therefore, is of providing more income and full-time occupation through village industries. Keeping in mind the rural set-up, which is relatively devoid of technical know-how and an inadequate level of qualification of the artisans, it would be futile to attempt to introduce higher or intermediate technology — the terms which are almost always misapplied to village industries. There is hardly any place for sophisticated technology in the field of khadi and village industries at present. The more appropriate step would be to provide better yet simple hand or power-operated tools and equipments to the artisans which could be effectively handled by them and which could be within their means. Such an improvement will ensure two things. It will maintain the labour-intensive character of the industries in consonance with the present-day requirements of providing employment to large segments of population. Secondly, the change will ensure better products leading them towards standardisation. The attempt to achieve standardisation is difficult with non-mechanised production.

(2) If income through village industries is to be made available to the remaining 62.4 percent
per cent of the members, efforts should be undertaken in two directions: firstly, each coop must undertake production as well as servicing activities to ensure more work to a larger number of members. No coop should remain satisfied either with production or service activities alone which keep the work opportunities restricted. Secondly, the coop must take over the ancillary activities incidental to the main industry. Since the tendency of the village industries is seasonal, the members have to be given work in the off-season period. Each of the village industries under review has ample possibilities of undertaking allied production activities.

Before adopting such diversified activities, the cooperative managements should change the technical personality of the member artisans. At present, a member artisan is proficient mostly in one occupation; he will need to be trained for more than one allied industrial activity to enable him to take up other work during the off-season. It is not intended here to introduce diversification of occupation as technically understood because these coops and village industries artisans suffer from a lack of resources and technical knowledge.
(3) The production activities of the coops and of the self-employed artisans should be brought under controlled situations as far as possible. This is suggested to introduce discipline in the working of the artisans to enable them to use maximum time for productive purposes and to improve the quality of the product.

(4) At present both the coop and the self-employed member artisans have to attend to all the functions of purchasing raw materials and equipments, production and processing of the goods, sale of final products, etc. Each of the functions is in itself a specialised job for which each coop and every self-employed member artisan, cannot be expected to be quite conversant with. It is desirable, therefore, to utilise fully the energy of the self-employed artisan only in production and all his other functions should be attended to by other agencies, particularly the coop. In the case of the coop, some of the functions for which it is not well-equipped, should be taken over by a higher organisation, if necessary. Such a system of work can ensure much better results.

11. Marketing management

In Chapter XI on 'marketing management', an attempt has been made to know the position of purchases, production
and marketing arrangements. No imbalance was found in the purchases, production and sale figures. There were 7 coops which did not interest themselves in undertaking production activities. Most of the societies specified one or more persons to attend to the work of sale, though they were not technically qualified for the purpose. The shortest distance from the purchase point of raw material to the sale point of finished goods was 1.6 kilometers and the longest distance was 160 kilometers. The efforts made to popularise the K.V.I. products were local and limited. The societies were not much aware about the need for canvassing the sale of their products. The sale was entertained on cash and/or credit basis. Except the vans coops, wholesaling was not adopted by any coops. The retail sale was mostly carried on for cash and nearly 25 per cent of the wholesale transactions were also made on cash basis. The sale in the same villages of the headquarters of the coops came to hardly 0.49 per cent while the sale was 40.5 per cent in the villages of the same Taluka. The portion of wholesale to retail was 64.8:35.2 The peak and lean periods of sale varied from society to society, depending upon local as well as seasonal conditions. The K.V.Is had carried on the sales up to the District level. The member artisans, who had their own production, maintained business contacts more with private traders and other individuals as against 28.2 per cent of their dealings directly with consumers. The sale contact of an artisan with other artisans of the
same coop as well as with the other coops was hardly 4.8 per cent of the total dealings. The K.V.I. coops on the whole showed complete disregard for consumers' tastes and preferences. By and large, the coops made only stray efforts to organise the sales and were not able to build up anything like marketing management in the technical sense.

The situation paints a different picture of marketing from what one would expect of an industrial organisation. Bamboo products, Neera and carpentry-blacksmithy products were free from any competition, and the ghani-oil enjoyed consumers' preference. There were no over-stocks of finished products. The products of these village industries were sold in producers'/sellers' market. Under the circumstances, the absence of any marketing management is explainable, and the marketing conditions were favourable in many respects. All the same, consumers tastes and preferences must be fully explored with a view to enhancing the sales prospects for an expandable production. Such a situation does not need a set up of marketing management on the lines followed by the organised mass production units; instead, the coops need adequate marketing arrangements to explore the available marketing potential. The following few suggestions are made from this angle:

(1) V.I. products are sold more on merit of their quality while the machine-made products are sold more on the strength of the organised markets. Hence special efforts should be
made by the producers to maintain and develop the intrinsic merits of village industries products with a view to securing better and larger markets. The V.I. products should be made more refined, their quality standardised and varieties introduced so as to win the patronage in the market.

(2) Because of favourable markets for the products of village industries, the khadi gramodyog coops, which are mainly dealing in sales promotions, can become good agencies for the disposal of village industries products. The khadigramodyog coops can effectively supplement the V.I. coops by developing an intercooperative relationship.

(3) Looking to the bright prospects for the V.I. products, the consumers' coops should be organised locally to expand the market range and to make the producers free from the worry of the disposal of their finished products.

(B) Suggestions to Improve External Surroundings

I—Structural Efficiency

The internal working of the K.V.I. coops based on suggestions made earlier would need to be protected against outside constraints inflicting inefficiency upon them. The structural frame available at present to the K.V.I. coops should be improved sufficiently for the purpose. Some suggestions are made here, keeping this in view.
(1) Pattern of organisation: As has been seen earlier, the unitary form of the set up of the coops and the unitary character of the functioning of the societies is not very helpful to the artisan members. Therefore, a federal type of set up with more than one type of industrial activity is desirable at the primary level. Such primaries catering to the needs of the Taluka level organisation would require a set-up at the District level consisting of various types of servicing organisations. The question of establishing mutual relationships between the two set-ups is a matter of detail which is beyond the scope of this research work. The usefulness of an All India unitary cooperative federation is practically nil. Such an organisational pattern cannot render service to K.V.I.coops in the present circumstances.

(2) Constitutional freedom: The bye-laws of each K.V.I. coop have fixed, in legal niceties, the terms of membership and share-capital, the powers and functions of the general body, the duties and functions of the managing committees, the duties and work of the secretary or the manager, the terms of profit distribution and disposal of assets on liquidation, etc. On the other hand, the Cooperative Department, financing agencies and other concerned Departments have also prescribed their terms and conditions and they exercise influence upon the management of coops. The coops have no right to say anything about the conditions prescribed by
such outside Departments and agencies. Of course, the coops can seek changes in their bye-laws after passing through the procedural labyrinth, within the limits of the powers given to the District Registrar or the Registrar of Cooperatives as the case may be. There are matters which are specified by the Gujarat Cooperative Act and its Rules but are not brought down in the bye-laws. The restrictions and prescriptions by the said Act and Rules are beyond the capacity of the K.V.I. coops to modify.

Above all, there are social and moral codes to be observed by the members as individuals. This network of terms and codes makes the constitutional and social obligations heavier for the coops to perform. Such a situation is provocative enough for the coops to shirk their responsibilities. As we have seen, most of the coops have actually become the casualty of this situation. It is, therefore, desirable to provide more constitutional freedom to them and to allow them a free hand in the matter of their functioning.

(3) Agency supports: Financial support and technical guidance are not all that are expected of the Commission, the Board, the financing agencies and the other concerned Departments. Each of these agencies, within limits, is supposed to contribute their utmost to the growth and development of the K.V.I. coops. The Commission and the State Board have to come out of routine financing, supervision and guidance and adopt better methods to bring about efficiency in the working of the latter.
They should undertake vigorously the programme of applied research on a large scale for technical improvements to increase the earnings and production of the artisans. This is not possible without the establishment of standard research laboratories and research institutes run by the Commission or the Board. The present tendency to avail of the research facilities from outside research institutes, which mostly cater to the requirements of the organised sector, has not and will not deliver the goods, since they do not feel the pinch of backward techniques. Such research work intended for technical improvements is not within the competence and ability of any other agencies and the K.V.I.coops. It would be proper to undertake research projects in social aspects of the industries concerned before embarking upon technical research as such in order to make the research results effective in different environs. The financing agencies including the Commission and the Board should change the attitude of being purely financing bodies and assume also the role of nurturing the coops in an integrated manner. The close association of these agencies can ensure many improvements in their structural heirarchy.

This study of K.V.I.coops in Surat District has brought to light certain potential areas for undertaking such research work in the field of these traditional industries. These are: institutional financing, diversification, cooperative structure, labour-intensive methods, technical innovations in various operations of selected industries, entrepreneurship, credit needs, marketing and
management. Any research work made on these aspects will be a step forward in improving the working of the K.V.I.coops.

(4) Associate/un-registered cooperatives: Looking to the dearth of cooperative workers and the need for inculcating the habit of working as a cooperator, it is necessary to provide opportunities for those who wish to volunteer in this direction. A statutory provision needs to be incorporated in the Gujarat Cooperative Societies Act empowering the Registrar and District Registrars to recognise the unregistered producers coops at par with the registered coops and extend all statutory services to them. This will enable a voluntary group of artisans/producers to work like cooperatives till they develop confidence and get themselves registered as a cooperative society. Such societies may be known as associate or unregistered coops.

II- The Man

The industrial worker has to assume the personality of a technical person-cum-man in the society. The artisan or the producer member of a coop has, in addition, to assume the personality of a cooperator. The artisan member representing the weaker class in the society is thus to be enabled to play his role as a cooperator, an artisan and a social man at the same time. The cooperative and the industry are the tools used by the artisans. It is the man who is to be the pivot around which all social, political, educational, cultural and economic activities
should move. Evaluating any or all of these activities will ultimately mean evaluating the man. Any faults, defects, loopholes, etc., observed will reflect the level of the character and efficiency of the man. Therefore, if the environment around the man is to be improved, one has to improve the man, its centre. Thus, any investment made in man to improve his personality will tend to ensure improvement in all the activities he is connected with. No improvement can be lasting without improving the man. Hence, all the suggestions made in this study for improving the working of the K.V.I.coops will be of temporary value if the artisan members of these coops are not developed and enabled to face the situation effectively in each of the three different capacities.

In other words, the importance of providing opportunities to him to develop his personality should not be under-rated vis-a-vis the investment made in tangible assets. The real asset, so to speak, is the investment in man. The question further arises as to who is to invest— and what— in these traditional artisans and how it is to be done. To develop the man as a socially useful and acceptable person is to develop his identity, ego and super-ego, which are derived partly from heredity and partly from environment. One has yet no control over the hereditary factors but can provide adequate environment for developing a man's character. The environment is further dependent upon class, caste, climate, understanding of the parents, habits, local surroundings,
emotional and intellectual freedom, education, etc. A proper environment is to be provided at least up to the age of 18 years when the man becomes adult. The other skills and qualities required to become a technical person and a cooperator are acquirable by knowledge, training and experience in due course. All this certainly constitutes a long process, and positive results in this field are directly dependent upon the volume of social cost borne by the State and Society.

III- The Family Background

The artisan member spends most of his time amidst his family of which he is a product. The families represented by the artisans belong, as such, to the lower range in the social order. Members of the family are academically and technically least qualified. Their social life moves in a very limited area. The artisan families are dependent on more than one source of income. Taking into consideration all such aspects of capabilities and the environment of the artisans as detailed earlier, the economists and the protagonists of cooperation and technology should not try to foist on them the methods and technology alien to them. The artisan families, with the traditional background, cannot accept such a change easily. Their capacity and ability are not yet mature for modernising their occupation. It will be a folly on the part of planners to waste resources on such uninvited attempts. Introduction of such a change will have to be postponed till the artisan family is brought to a level of receptability. Till the equation
is established and developed between the family and the artisan member, mere academic exercise will be of little avail. One cannot plan to develop the artisan member alone, disregarding the general development of his family.

(C) Cooperative Principles and Cooperation

The 7 principles of 'cooperation' initially consisted (a) of 4 essential principles, viz., (1) open membership, (2) one man one vote, (3) distribution of surplus in proportion to members' transactions, and (4) limited interest on capital, and (b) of 3 important but not essential principles, viz., (1) political and religious neutrality, (2) cash trading, and (3) promotion of education. These principles were revised by the I.C.A. in 1966 and restated as 6 essential principles as follows:

1. Voluntary membership (without artificial restriction and discrimination).

2. Democratic control.

3. Distribution of surplus for development of business, common services and members in proportion to their transactions (in order of priority).

4. Limited interest on capital.

5. Promotion of education.

6. Cooperation within cooperation (i.e., one for all, and all for one).

The change of the principle from 'one man one vote' to 'democratic control' is an improvement on the earlier
By and large, this improvement is a welcome feature to western cooperators. Democratic control in the economic field is different from that in the political field. But, in both the fields, democracy tends to be made a tool for capturing position and power by intellectuals. In the developing countries like India, the membership with primary coops (having the provision for sympathisers) — more particularly of the induscos including the K.V.I.coops — is a mass membership of poor illiterate persons for whom the principle of democratic control may not always ensure what it stands for. "One man one vote" was a simpler principle which was understood by the masses. There is even a fear that democratic control might perhaps foster class conflict between the intellectuals and the artisans in cooperation. In any case, it will take some time for the cooperative artisan members to understand and apply democratic principles to their functioning.

The principle of limited interest is popularly accepted by cooperators. The spirit of it is not to be questioned. It is to be implemented in all reasonable-ness, since no higher or lower limits are prescribed. In view of this, the age-old limits fixed for such return on capital should not be kept at the lowest in these days of scarce capital and rising prices. The State Government should assume a reasonable attitude in prescribing such limits so as to ensure self-reliance in capital needs.
These principles have nowhere prescribed any limits; instead, they have offered the right of self-determination in the best possible manner to be exercised by the members concerned. The Gujarat Government under the Cooperative Societies Act and the Rules, has prescribed limits, particularly in respect of distribution of surplus, interest on capital and promotion of education. The State Government has thereby infused statutory control instead of administrative and voluntary control over the working of primary coops. The primaries, branded as coops, have not been allowed the freedom of exercising the very principles of 'cooperation'.

Any organisation which is a cooperative is to follow all the above principles of cooperation. If it does not, it will be tantamount to self-deception. The coops under study were observed to be sincerely trying to adhere to many of the principles of cooperation and failing in some. This does not mean that the managements were conniving at the non-adherence to the principles but they had some practical difficulties.

The three principles of 'cooperation' viz., one man one vote, no profit no loss and bonus in proportion to the work or business taken place between the member and the coop, are of course laudable. The latest trend of human nature is to keep away as far as possible from the drudgery of work. At the same time, for the purpose of economic security, one would like to exercise control in direct proportion to the amount of investment made by him. The above three cooperative principles do not ensure
either removal of drudgery or powers in proportion to investment in our present conditions.

Why is the 'no profit no loss' principle applied to the cooperative form of organisation when other organisations are permitted to reap profits? Is cooperation being penalised for being more democratic and amenable to discipline? It is not understood why a segment of producers should be sacrificed for providing a subsidy at the consumption end. It may be more desirable to subsidise selective consumption at the cost to the general tax-payer from out of the public exchequer. The unconcerned consumer need not get the benefit at the cost of the producer. The root cause of the K.V.I.coops remaining unsuccessful in inviting any entrepreneurs, master craftsmen and outside capital lies in the above mentioned cooperative principles.

Secondly, when one reflects on the cumulative effect of all the cooperative principles on the working of the coops, particularly of the weaker sections like the K.V.I.coops, one tends to sympathise with the coops which are sincerely trying to honour the cooperative principles. It may be possible for the organised industrial units having economies of scale to abide by the principles but weak industrial societies like the K.V.I.coops may find it difficult to act strictly on every front of the cooperative principles. The cooperative principles may prove more serviceable to financially sound and socially better off coops than to societies weak in all respects. To weigh weak coops
and strong coops in the balance of cooperative principles is uncharitable to say the least. The weak societies should not be overloaded with high ideals of democracy, cooperation, morals, etc. This is not to encourage the non-adherence to cooperative principles by the weak coops. The suggestion merely is to feed the weak societies with the doses of cooperative principles commensurate with their capacity to imbibe them. While, on the one hand, the coops are called democratic institutions, on the other, the cooperative principles are imposed on them instead of allowing them to decide democratically about them.

It is stated in the Gujarat Cooperative Societies Act that only a society which has as its objects in accordance with cooperative principles may be registered. This is not proper. The alternative course should have been to suggest these cooperatives principles as guidelines rather than directives to follow. The State Government has so conveniently interwoven the various cooperative principles in the Gujarat Cooperative Societies Act and its Rules that it is difficult for the primary coops to defy any of them. At the same time, the cooperative principles are made universally applicable probably with the presumption that they remain equally potential in all conditions in any country. The cooperative principles are, thus, placed on a position identical to the economic principles. Since cooperative principles are based not on economics but on social norms, their righteousness can vary with variations in
situations. This raises a doubt about the reliability of cooperative principles. Thus, in the ultimate analysis, the aspects of consistency and reliability of the cooperative principles need to be given a second look.

Again, we should take notice of the revised set of cooperative principles as finally approved by the I.C.A. They are blended with practical wisdom as compared to the earlier set of cooperative principles. To begin with, the State Government must introduce modification, wherever necessary, to weave the revised set of cooperative principles into the Gujarat Cooperative Societies Act and its Rules and ensure, in turn, suitable changes in the bye-laws adopted by the primary coops in the context of the changes that have taken place — and are taking place— in our land.

The economic and social value of cooperation has not yet found integrated itself in the minds of the Indian masses. The induscos, including those of K.V.I., being the part and parcel of the cooperative movement, have yet to demonstrate their worth and attain due position in a developing India. The induscos have been working on general principles of 'cooperation' followed by all other types of coops. This may not be enough for attaining the long-term objectives. The induscos, therefore, must set down some special principles, characterising their role and functions as such in order to attain a permanent place on the Indian soil. An objective attempt is made to reiterate here some of the special features of the coops:
(1) Possession of implements of production must remain with the worker members.

(2) The status of the worker should be raised from a wage-earner to a real active partner.

(3) The quality of the product be retained to ensure the place of position for induscos in the rural set-up.

(4) A sense of loyalty to the coop organisation should be developed by all artisans, and members.

(5) A sense of personal responsibility as a worker member should be developed.

(6) Labour supply for production and services has to be from among the worker-members.

(7) Patronage has to be won for the products of the artisans.

There can be some more guidelines for the induscos. The test of such principles lies in how fast they are confirmed and made universal.

We may also turn to the prospects of 'cooperation' in general in India, wedded to democracy and socialist pattern of society. At present the movement is struggling for existence under State control, but it has the ultimate aim of transforming the profit-seeking society into a community directing and controlling its own economic and social services. It is expected to contribute as much to social health by practising the principles faithfully. In India, owing to a common error, 'cooperation' is being emphasised upon more on ethical grounds than on economic grounds. Cooperative economy has not
yet been able to create an image. The main fields of rapid application of cooperative methods remain in the agricultural sector. The economic functions of coops in India have been developed in response to the challenges from money-lenders and capitalistic banking. Cooperative production has been mostly done in the traditional domestic industries. The movement has yet to lay hands on the branches of economic activity which can serve the mass of population and, thereby, come up as a neutral group between the State and the private enterprise and also serve as a social institution for bringing about a better community life.

(D) Summing up—Cooperatives as Means to Serve Members

The K.V.I. coops have some inherent weaknesses in addition to those that have been discussed so far. Such weaknesses are not due to the traditional character of industries but are derived from the cooperative form of organisation. It is not the political element, nor the democratic character, nor the illiteracy and poverty of members only which are the main causes of the weaknesses of these coops. Conceivably, there are other more important causes.

Firstly, the coops have assumed, in general, the character of a public organisation. Consequential implications are that the coops are approachable by and exposed to any public criticism. In the final picture, cooperation can become the subject for interference by many and of obligation of none. The working of the coops
is shared collectively by all the members and no individual member is responsible for the affairs of the coops.

Secondly, the management and the executives have no stake greater than that of the members of the coops and they do not enjoy any special economic incentives or material services and facilities. Although there is a general body, which is supposed to look after the affairs of the coops in general, in reality it does not exercise any substantial power. In the final analysis, it is the managing committee which exercises all the powers. On the other hand, there is the control of the State which is looming large over the management and the executives of the coops.

Thirdly, the managing body and the executives of coops are not separated. The managerial functions and the executive functions are on the contrary vested in one single body, which is the managing committee. The result is that the decisions and the execution become more often subjective than objective.

Fourthly, not only do the executive members lack business acumen as seen earlier, but also in the entire field of influence of the coops. The coops under study could have taken full advantage of local raw material, local production and local markets to withstand the test of viability. But this has not happened. On the other hand, such favourable situation is denied to other non-local organisations.
Fifthly, the democratic character of the coops is misused and misunderstood more by their protagonists and persons handling their affairs than by the others. In the name of cooperative principles, the democratic element is allowed to percolate right up to the levels of production and sale. Experience has shown that democracy among the large illiterate caste-ridden and poor masses including the artisans, has failed to bring about the expected results. On the contrary, these masses have been exploited by the vested interests. This leads us to think that the democratic character should be fully observed only up to the upper managerial level. The element of authoritarianism and regimentation in private and public concerns have been found to bring efficiency and this can be successfully tried in the coops too, at lower levels.

Finally, the provision to raise share capital is not definite. A society can be registered with a minimum of 11 members and with the minimum of one share purchased by each member. This weak financial foundation persists too long as the raising of the required minimum share capital is not made time bound. In any form of an industrial set up adequate arrangements for financial resources have to be made. The coops studied by us have not made any provision in the bye-laws to raise the minimum paid-up share capital within specified time limits and the uncertainty about increasing the share capital subsequently as and when considered necessary by the management is very dangerous and has proved fatal.
to many coops.

The traditional cooperative form of organisation has led to these weaknesses and these can be remedied by reconstructing it.

Firstly, the State control should be reduced to the minimum and the managements of the coops should be given a fair trial to enable them to take care of their own affairs.

Secondly, the membership of the coops should be classified in two types — ordinary membership and managerial membership. The ordinary membership shall provide the labour force required by the coops while the managerial membership should be allowed to have a stake with finance of the coops and control of management and execution. The principle of open membership should be continued for both the types of the membership.

Lastly, the principles of enterprise must find full play with regard to the membership and the nature of the activities to be undertaken by the coops. This is suggested because the K.V.I. coops have the productive factor ie., the labour but not the productive agent, the catalytic power which ensures concrete progress as in the organised field. If these changes are effected in the field of cooperation, the less important and unimportant difficulties can be reduced and arrested in course of time. These changes, of course, have some disadvantages of their own. They might in the short run give rise to exploitation and concentration of power in limited hands to an extent. But safeguards could be made
against them. And, in the long run, the artisan members themselves will become enlightened to put an end to the dichotomy created for attaining a measure of organisational efficiency.

Finally, every activity has a purpose. The degree of the purpose may differ from activity to activity. Patch-work may create modern art but certainly not a system of management which has to have a scientific quality of its own. (Even patch-work has to be goal-oriented to constitute a piece of modern art). 'Co-operation' is a means to an end. The cooperative units—big or small—have to be viewed as effective means of serving the members, primarily. Anything that is advantageous—directly or vicariously—to them should be acceptable without any reservations. No taboos or inhibitions should be permitted to vitiate this basic goal. Any action, inaction or counter-action should be tested on the touch-stone of the interests of the members—whether it be in regard to the promotion of a cooperative unit, its membership, the composition of its managing committee and other bodies, the manufacturing programme, the finance function, the recruitment and management of personnel, the marketing of its products and services, profit making, social emancipation, political formulations or even spiritual (singular or plural) self-realisation. Today, the system of values and norms which are the foundation of society are questioned and the coops have failed to live up to the
ideals propagated. Therefore, let not the cooperative elephant be comprehended in the mythological 7 blind-men's way. Let the Elephant be viewed as a whole physical entity along with its genetics, heredity, geography, history, culture, etc. This certainly means departure from the traditional approach and will need the implementation of a series of integrated bold steps as detailed out earlier. That alone can take 'cooperation' out of the labyrinth of their present inefficiency and despair.