CHAPTER III

INDUSTRIAL COOPERATIVES IN GUJARAT

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I. GUJARAT REGION

(A) Backdrop of Industrial Cooperation

The cooperative movement in Gujarat had begun with the establishment of agricultural credit coops. Visalpur Credit Society in Ahmedabad District and Degam Credit Cooperative Society in Surat District, which were registered in 1905 and 1906 respectively under the Cooperative Societies Act of 1904 were the pioneers. The three-tier cooperative credit structure in the State then provided short term and medium term credit to nearly 50 per cent of the Khatedars.¹ This was, in turn, followed by registration of non-credit agricultural societies and non-agricultural societies.² Industries like cotton ginning, sugar, rice and oil, dependent on agriculture, were brought under the fold of cooperation. Cooperative industries covering sugar, spinning mills and dairy were mostly the post-Independence development while induscos for cotton ginning and pressing, rice and oil were developed much earlier. Nearly 50 per cent of the cotton production in the State was handled by coops.³ Induscos were next to

¹ B-13: pp.93-94
² A-10: pp.25-26 (There were 210 non-agriculture societies in 1915 under the Bombay State)
³ Ibid: pp.89, 90 & 93
agricultural credit societies and the Government had made the State Aid to Industries Rules in 1935 applicable to them. It provided for assistance through contribution to share capital and working capital, loans for purchase of machinery and guarantee to C.P.A.s, management subsidies, grant-in-aid to State and district cooperative associations, and loans to individual artisans. Besides, the State Government had encouraged district industries cooperative associations and the Apex State Industrial Cooperative Association exclusively for the development of K.V.I.s. This State policy to develop village and cottage industries through the induscos alone was an instance without a parallel.  

The fifth Indian Cooperative Congress held in December 1967 had also noted with satisfaction that induscos "have made good headway" and that, in particular, "khadi and village industries societies registered progress" in Gujarat. The State Cooperative Bank now channelises the R.B.I. finance to small cooperative industries and provides direct finance to large cooperative undertakings. Urban cooperative societies and banks also cater to the needs of artisans in urban and semi-urban areas. Industrial cooperative banks work as financing agencies to meet credit needs of induscos and individual artisans.

To look after the development of cottage industries district cooperative industrial associations have been

4. Ibid: p.98
5. B-5: p.24 & 159
6. P-15: p.21
formed in 16 Districts. Separate district khadi gramodyog associations are formed for supply of raw materials and equipments, sale of products and technical guidance to members. Some of the associations have directly taken up some production and processing work to provide a lead to the members. The State Khadi and Village Industries Board was constituted in 1960 to encourage, organise, develop and regulate khadi and village industries in the State. On the recommendations of the State Cooperative Department, the K.V.I.coops receive financial assistance from the Board. For encouraging cottage and small industries, 22 cooperative industrial estates were formed by June 1967. There were 867 primary induscos in the State as on June 1967. The growth of the induscos was halted in the following 2 years and their number decreased to 828 by 30th June, 1969.

The Gujarat State Industrial Cooperative Association was registered in December 1960 for the supply of raw materials and for providing marketing facilities to members. The Gujarat State Cooperative Union was registered in 1960 to impart cooperative education, act as coordinating agency, focus centre of non-official opinion, spread the cooperative movement, promote the study in cooperation, conduct training classes and organise publicity and propagandas for cooperation.

It was the Cooperative Planning Committee which envisaged, for the first time in 1946, the need for an Industrial Cooperative Bank and the first of its kind was set up in Surat in 1949.\textsuperscript{13} In the month of May 1970, the Southern Gujarat Industrial Cooperative Bank Ltd., Surat, and the Saurashtra Small Industries Cooperative Bank Ltd., Rajkot, were amalgamated to form the Gujarat State Industrial Cooperative Bank Ltd. By the end of 1970-71, the 4 industrial cooperative banks have federated into a State Industrial Cooperative Bank.\textsuperscript{14}

(B) Districtwise Position of Industrial Cooperatives

The Gujarat State has 19 districts.\textsuperscript{15} Before November 1956, areas now covered under Saurashtra and Kutch constituting 7 Districts were not under common administration of the earlier Bombay State and, except in Junagadh and Bhavanagar States, there was no legislation governing coops in those five hundred and odd small Princely States.\textsuperscript{16} Hence, a historical review of induscos in the whole of the present Gujarat State is not possible, for want of uniform information. The position of induscos in respect of the remaining 10 Districts inclusive of Bulsar and Gandhinagar is stated below synoptically:

Ahmedabad District: It was after 1925 that some coops of weavers and tanners were organised in Ahmedabad District.

\textsuperscript{13}B-19: pp.24, 25.
\textsuperscript{14}E-16: p.5
\textsuperscript{15}B-13: p.4
\textsuperscript{16}P-4: p.5
Uttar Vibhag Industrial Cooperative Association was registered in 1936 to help primary coops in production and sale in North Gujarat. Later, when Kheda Jilla Audyogic Sahakari Mandal was promoted in 1946, it was reorganised as Ahmedabad Jilla Audyogic Sahakari Mandal. The induscos in Ahmedabad District tended to grow at the instance of organised industries. Initially, it was only the Ahmedabad District that came out prominently with the formation of large number of non-agricultural societies.

Amreli District: In 1957, the District had, besides one cooperative sugar mill, 28 primary induscos of weavers, tanners, carpenters, masoners, bamboo workers and dyers. (Earlier, during the Gaikwar regime, there were 17 credit societies for tanners and all of them were later liquidated.)

Kaira District: The Vaso Group Vankar Sahakari Mandali Ltd., Vaso, was the first indusco to be registered in the District on 24-10-1939. An important landmark of cooperation in this District was the establishment of Kaira District Producers' Cooperative Union on December 31, 1946, at Anand. Later, in spite of the odds in the field, Kaira District had 97 industrial cooperatives with 7,723 members as on 30-6-1966. There were 23 types of societies and 2 federations, one of which was the Kheda Jilla Audyogic Sahakari Mandal Ltd., Nadiad.

Up to 1951, the expansion was in the field of weavers' coops. The Borsad Taluka Khadi Gramodyog Sahakari Mandal Ltd., Borsad, registered in January 1954 was the first
gramodyog society. The fastest growth in any one group was recorded by khadi-gramodyog coops which achieved the formation of 35 units in a period of 15 years only. Every taluka of Kaira District had gramodyog coops/one type of industry or the other. The total number of members had become fivefold in a period of 12 years. Membership was open to those who believed in the principles of K.V.Is.

The cumulative growth of owned funds available to induscos was from Rs.2.9 thousand in 1945-46 to Rs.1724.7 thousand in 1965-66 and of borrowed funds from Rs.6.4 thousand to Rs.2098.3 thousand respectively. The share of V.I.coops in respect of owned funds was Rs.609.8 thousand and that of borrowed funds was Rs.1045.1 thousand at the close of the year 1965-66. During 1965-66, the production by 40 various induscos including one district federation had amounted to Rs.1464.4 thousand while sales by 66 induscos in the same year had totalled Rs.5459.6 thousand. The sale contribution by V.I.coops rose from 0.6 per cent in 1952 to 43.2 per cent of the total sale in 1965-66, which was really very high.

The Kheda Jilla Khadi Gramodyog Sahkari Sangh registered on 2nd August 1955 had enrolled 207 individuals and 28 societies as members and collected Rs.10070 as share capital by 30th June, 1972. It recorded production worth Rs.9025 and effected sale worth Rs.5,98,784, distri-

18. Ibid: p.61
19. Ibid: p.76
20. Ibid: p.125
21. Ibid: p.126
buting wages totalling Rs. 41,085.

Panchmahals District: In Panchmahals District, having a predominantly backward class population with limited economic activities, there were 55 induscos in 1957. One-third of them were forest societies and the others were of weavers, tanners, bamboo workers, fibre workers and carpenters, and blacksmiths. The Jilla Audyogic Sangh was established in 1950-51. The expansion of induscos in Panchmahals District remained static more or less during the post-Independence period in spite of training facilities provided by the Government.

Banaskatha District: Banaskatha possessed the heritage of traditional cottage industries. However, the traditional artisans had earlier remained unorganised because of the absence of a Cooperative Department under the Navab's rule and the area being the gateway to Gujarat had remained continuously disturbed by the movement of the army. There were 28 induscos by 1956. They covered weavers, dyers, printers, blacksmiths and farmers.

Broach District: The District was often exposed to natural calamities. During a period of 68 years until 1975, the District area had to face 8 famines, 8 heavy floods, 3 cold waves and 2 locust invasions, even each of which singly was capable of disturbing economic activities. The later two floods and famine were disastrous. In spite of such odds, there were 20 units in 1956 of induscos of which 6 were for ginning cotton, the only major local crop.
(The first village and cottage industry cooperative society was registered in 1949.) These societies were of cobblers, carpenters, Bidi makers, brick layers, goldsmiths and bee-keepers. The Bharuch Jilla Audyogic Sangh was also established in 1949. The Bharuch Jilla Khadi Gramodyog Sahakari Sangh had come into operation in 1959. By June 1972, its membership had risen to 112 with a paid-up share capital of Rs.5,925. Its production amounted to the value of Rs.31,819 as against the sale of Rs.21,378.

There were 2 Taluka level Sarvodaya Sanghs at Ankaleswar and Nanded dealing mainly in K.V.Is activities. The membership of both was 86 and share capital of Rs.4,800 as on June 1972. They were registered in 1959 and 1961 respectively.

Mehsana District: Until 1949, the District was under the Gaikwar regime. Important among home industries were those of printed Patan 'Patolas', brass work, wooden carving and wooden printing, pottery, rearing of silk worms and weaving of silk sarees. The Government had encouraged these potential industries by providing technical services and organising the artisans into coops. Industrial cooperation became sufficiently broad based and covered the fields of transportation, tube well boring and paddy dehusking by hullers. The beginning of induscos was made by 3 weavers coops established in Kadi Prant, whose working was observed to be most satisfactory. By 1956, there were 124 induscos.

Baroda District: Baroda remained the State capital of Gaikwar for a very long period. The beginning of the
cooperative movement in the District was made in 1889 when Anyonya Sahayyakari Mandali was founded in Baroda for providing credit to middle class people.\textsuperscript{22} In fact, it was the first of its kind in India. The Baroda State, which had become one of the most progressive Indian princely States during the regime of Maharaja Sir Sayajirao Gaikwar III, had on its Statute Book the 'Baroda Cooperative Societies Act' of Samvat 1970. Prior to it, the State had pressed into its service eminent cooperators and had opened the Cooperative Department in the year 1909. At the beginning of 1920-21, there were a few non-agricultural societies.\textsuperscript{23} A notable advance was made with the founding of the Kamubala Sahakari Audyogik Vikas Mandir, in 1940 to provide opportunities of work to needy women. By 1956, there were 36 induscos of tanners, weavers, handpounders, oilmen, etc. An Industrial Association was established to provide services to member societies. The important event in 1956 was the establishment of Industrial Cooperative Bank with 165 members. The Vadodara Jilla Khadi Gramodyog Sahakari Sangh was registered in 1946. It maintained the level of its membership at 839 and share capital at Rs.70,150 as on June,1972. Without undertaking direct production activities, it continued to provide services to members. Sale was the major direct activity of the Sangh. It amounted to Rs.308900 on 30th June 1972. There were 7 Taluka level

\textsuperscript{22} E-16: p.3
\textsuperscript{23} A-10: p.39 (There were 48 non-agricultural societies in the State).
Khadi Gramodyog Sahakari Sanghs — at Karjan, Dabhoi, Naswadi, Savali, Padra, Jabugaon and Sinor — registered in the years 1959, 1956, 1960, 1959, 1957, 1971 and 1958 respectively. The total membership of all the 7 Taluka level khadi-gramodyog Sahakari Sanghs was 1,195 and share capital of Rs. 20,945 at the end of June 1972. Of them, those of Karjan and Savali are defunct and the rest are working mainly for the promotion of sales only.

Sabarkantha District: Most of the area of the Sabarkantha District had remained under the hold of small native rulers right up to Independence. There were no large scale industries and artisans had no opportunities to organise themselves. The cooperative movement was practically absent up to 1948. Sabarkantha Jilla Sahakari Sangh was established for sale and purchase of agricultural and domestic requirements. After Independence and until 1956, only 12 V.I.coops of tanners, kharadis, blacksmiths, carpenters, potters, bamboo workers, oilmen and weavers had come into being, in spite of the facilities provided to artisans for technical education. The induscos in the District are yet to grow and develop.

This District made a unique contribution in the field of organisational pattern by registering (a) Federation of leather-khadi coops and (b) leather coops in the years 1963 and 1969 respectively. The latter had 27 members with a share capital of Rs.2,260 and the former had 94 members with a share capital of Rs.3,700 by the end of June 1972.
However, their services to the members have been negligible. Surat District: Britishers, having established their first Kothi in Surat, had left their legacy in the field of industry, trade and commerce. At the same time the District was known for political and social unrest. In 1971, the Adivasis constituted 46.3 per cent and the agricultural labour 11.7 per cent of district population of 17,86,924. The District had 4,93,031 acres uncultivated grass land and 316,429 acres under forest, rich enough to provide timber, bamboo, gum, Meera, non-edible oil seeds and other raw materials. The area had some deposits of minerals like Manganese dioxide and Akik stones. The big Kakarapar irrigation project aiming to bring about a revolution in agriculture is half-completed. At the end of June 1956, there were 78.6 per cent of villages covered under agricultural credit. At the same time, the District had taken strides in industrial activities particularly in cotton textiles, chemicals, sugar, paper, Jarri, nylon, cultured pearls and diamonds. Apart from entrepreneurs organising industries, the cooperative movement is developing on a broad base to cover most of the aspects of life. Actually, cooperation in the District had marked its beginning in 1906 when the first credit society was registered in Degam in Chikhali Taluka, followed by the

25.A-10: p.87
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