CHAPTER VII

ORGANISATION AND ADMINISTRATION
— OBSERVATIONS: CONSTRAINTS, LIMITATIONS, ETC.

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(A) Pre-registration Constraints

The pre-registration and the post-registration periods are both very important for organisations of the type of a cooperative society. The pre-registration period requires the care and detailed nursing and treatment as in the case of a child-birth. This pre-natal nursing will differ from organisation to organisation. The approach and methods will vary in length and breadth depending upon the size and scope; but, in all cases, they have serious consequences later. The observations made here are restricted to the primary cooperative societies of producers of K.V.I products in Surat
District.

The persons who first thought of organising the K.V.I.'s artisans had surely the good of the community in their minds. They must have risen from amongst the artisans or from outside. In respect of this District, some of the promoters were from amongst businessmen, village headmen, constructive workers and local leaders who had interested themselves in the organisation of artisans out of motives of public recognition, status or social service. These motives of the organisers had some times been known to the public early; in other cases they had become known later. The percentage of sympathiser membership is an indicator of the initiative that came from outside the artisans' fold. The information collected from the K.V.I.coops supports this observation. Verily, the leadership should have come from the average members.¹

At the time of founding these societies the prospective members were, normally, told about the financial services and the marketing facilities that would be made available to them under the cooperative fold. Nowhere the cooperative principles and institutional discipline expected from them were explained to them. This had generally left the artisans in a state of entertaining high expectations without fully understanding their obligations towards the society. The

¹ E-19: p.51
organisers should have been aware of the implications involved in such a cooperative venture. Careless handling of such important matters brought frustration among all concerned during the operational period later. Besides, in the cooperative set up the freedom of the individual had to be subordinated to the interests of the group which formed the society. Traditional methods of work had to be changed for the better prospect of the society and its rules were to be honoured by the members. So the persons having little knowledge of the working of the cooperative societies found it difficult to adjust their old traditionally formed habits of work to the new set up. This change had turned the artisan from the state of an earning family member into the state of a cooperator. His joining the society was not of much help to him in the improvement of his lot; instead, his un-expressed feelings led to problems of human adjustment.

Formulation and finalisation of the constitution and the bye-laws of the societies had been an important process. In this, the promoters do not seem to have made any direct contribution. Generally, model bye-laws were either supplied by the Cooperative Department or obtained from any similar registered society for consideration and adoption. The model bye-laws or the draft bye-laws were rarely available to promoters and members for understanding the implications, even if they wanted to do so. At the best, the organisers and the departmental staff would
perhaps have held a meeting or two of the promoters to read them out to the members present for the purpose of taking their formal consent. As rightly observed by L.N. Renu, "it often happens, members are never even shown a copy of the bye-laws". How far consciously and willingly these bye-laws were accepted by the promoters is a matter of anybody's guess. Actually, for the promoters, to give written consent to the model bye-laws is to enter into a pact as it binds them into an organisation for specified behaviour and action. Such an important factor was hardly recognised and the decision, in fact, could be considered to have been taken exparte. The worst aspect of the situation was that the promoters were expected to be loyal to the societies without the organisers being loyal to the promoters. Unfortunately, cooperative education in India does not provide for pre-membership education. And the post-membership education, which most of these members have not availed of, does not fully serve its purpose either.

Limitations coming in the way of the artisans were many; Most of them had sprung up basically from the economic class they belonged to. The Khadi and Village industries artisans particularly, came from the weaker sections of the community. They had the hereditary occupational skills and traditional implements as their only capital. Limited resources and rules of credit-worthiness of the member artisans imposed limitations

2. E-44: p.vi (From Introduction)
3. E-40: p.6 (From Introduction by Shah, D.A.)
on their cooperative adventure. This situation left
the artisans with no choice in respect of selection
and location of the industry, financing agency, pro-
duction techniques and tools, organisation, marketing
and management. Such advantages were denied not only
to any individual artisan but also to their coops.

K.V.I. societies of this District were engaged
mainly in palm-gur, bamboo, carpentry and blacksmithy,
village oil and khadi industries. Products of each of
these industries were traditional in nature and were
dependent on the availability of raw materials and
local markets. The artisans engaged in these industries
were assisted by family members in their work. But that
was not sufficient. They had to look forward to alter-
nate sources of employment. Whenever any individual
artisan or an organized group of artisans of the same
occupation desired to move out of the established
link for better prospects, problems of mobility, avail-
ability of raw material and easy market, adjustability
to improved techniques and all other usual problems of
organisation had to be faced by them. They were,there-
fore, obliged to refrain from such "wishful" thinking
and continued their work in the same place where they
had used to work hereditarily. The only change that
was possible within their reach was of organising them-
selves into coops. Even the cooperative form of orga-
nisation would not have been available to these weaker
sections in the absence of State protection. It was,
thus, only in a state of helplessness that the co-operative form of organisation was accepted by them as a consolation vis-a-vis other forms of organisations enjoyed by the better-placed segments of the society. This change of status of the members was only an outward effort to pull the artisans out of their earlier surroundings but had very little to do with their family life. It was the understanding of these problems which had to be taken care of while organising the societies.

The procedure of actual registration was a matter to be attended to by the educated promoter. In the absence of any such member, the organiser had to take care of it. The Cooperative Department insisted upon the compliance with the prescribed formalities for registration and, thereby, instead of becoming helpful, it diluted the interest shown by the promoters in the matter. This further kept the artisans from being educated in co-operation and the affair was normally treated as a concern of the Department and the organisers. This was a serious lacuna. The Working Group on Industrial Cooperatives had rightly stated that no indusco should be registered without the study of its prospects. This view was also endorsed by the fifth Indian Cooperative Congress which recommended the creation of strong and competent scrutinising agencies for various sectors and the strengthening of Departmental Staff for ensuring proper scrutiny of proposals prior to registration. 

4. F-10: p.58
5. B-27: p.331
The Sixth Indian Cooperative Congress had to observe that "the officials do not make proper investigation into all aspects" and that the cooperative society must be properly organised. However, disregard of these basic requirements on the part of the Department continued to prevail even after laying so much importance on cooperative education and democratic functioning in those days.

**Observations:** There were so many aspects of pre-organisation stage which needed proper handling. The forces working behind the organisation of coops, the purpose of the members in organising themselves into coops, educative process of formulating bye-laws, reasons to accept the cooperative form of organisation and the moral responsibility of the promoters, organisers and the Cooperative Department — these and other basic requirements for the organisation of those coops — were practically left unattended. The weaknesses are all-pervading. Not one class alone from among the organisers, founders, Cooperative Department and members, was the cause of these weaknesses; but they became visible in the process of the organisation of the societies. These need to be overcome simultaneously and effectively if better performance is to be expected from a society.

6. B-5: p.175
It is a historical fact that the success of any democratic organisation depends upon the level of literacy prevailing among the participants. When the working of most of the K.V.I.coops is seen from this angle, one is inclined to admit that the least literate class of artisans, as we have seen earlier, is holding the charge of economic organisations fully democratic in character. It is a saddening antithesis that responsibility of such a higher form of organisation is vested in the hands of a class of the people which, from the point of literacy, is the lowest.

(B) Post-registration Problems of Patterns

To decide about the activities to be undertaken by a society was of crucial importance. This was an issue where unanimity was hardly reached. Some were interested in the aspect of production while the others were interested in the service facilities to be given by the society. A few of them showed their preference for multi-purpose activities to be taken up; the others wanted to restrict their interest to resources only. Hardly was there any who had mooted the idea of co-partnership or auxiliary ties with other local coops or their federations. In the midst of such complex functions of the society, differences naturally arose between the organisers and the promoters in quite a few cases. Here was the dominant but unexpressed personal interest of one or more persons deciding the pattern of activities which was not wholly in the interest of the artisans. Then there was the group of
persons who were to shoulder the responsibility of management. Their sincerity and loyalty would normally help in arriving at the most befitting nature of work for the interest of the members. At times such groups somehow managed to assume the responsibility. They proved capable enough to bring round the others to accept the type of functions predetermined for the interest of the few, with the result that the economic interests of the coops were undermined in certain cases.

It was observed that matters like the value of share, the number of shares to be purchased, the manner in which dividend and bonus were to be distributed, the scale of the proposed society, the vision of thrift, deposits, funds and compulsory savings and the question whether the liability of the members should be limited or unlimited were of direct interest to the members but not of immediate concern for the registration of the society. Hence, such issues were approved by members without much pre-thinking and a rational approach.

The constitution of an ad hoc managing committee required to be suggested before the registration was one of the very important functions of the promoters. It was more a matter of expressing trust in a few individuals than of its rational constitution. It was not merely a matter of completing this process ceremoniously but was more a matter of how it was done and who carried it through as per the consensus. The question as to whether this process was really conducted
on the basis of merit and whether any criteria were kept in view for the selection of the members of the first managing committee was studied specifically because it was the first managing committee that fore­shadowed the future of the society. The respondents reported a few considerations which had affected the process of constituting such committees. Leadership was the prime consideration, and it was a matter of finding out those who could — and were ready to — spare time for managing the affairs of the society. Persons who had succeeded in life and had long experience were taken up. At times persons who were literate or educated were preferred; persons commanding trust and knowing accounts were also selected on the committee. In some cases, experienced persons proficient in the job of production, supervision, sale and purchase were considered fit to be on the committee. There might have been some other considerations but these were not expressed.

The general difficulties experienced by the induscos in respect of procurement of raw materials, marketing, adequate finance, etc., were experienced by the K.V.I. coops. Besides, the K.V.I.coops had some additional problems of their own before they could enter the field of production. Firstly, for want of information and contacts the managing committee had to look to the enlightened sympathiser members or immediate supervi­sory staff of the Cooperative Department for help and guidance. The experience of binding themselves into a
purposeful professional group was new to many of the traditional artisans. How to start and what was to be done first was unknown to them. Being a registered body running an office, problems of arranging managing committee meetings, fixing business to be transacted, maintenance of office records and account books, understanding the individual responsibility and obligations towards the group, exercising one's functions as office bearers, conducting the affairs as per bye-laws, etc., were quite new to many. Hence, the office bearers of societies generally tended to act as advised in all such matters by others without themselves fully understanding the implications of the actions and thus unwittingly binding themselves to unforeseen results. Many times the society got neither qualified persons nor suitable honorary workers to be employed.

In the course of their attending to these functions the first problem that worried them was of finance. The very idea of raising funds from their own resources was considered an impossibility because of their economic limitations. They, therefore, looked to outside help possibly available from the State Industries Department, District Cooperative Bank, Industrial Cooperative Bank, Commercial Banks, the Board, the Commission, etc. In the state of uncertainty and the lack of any rapport among themselves they could not decide confidently the agency to be approached for help. Ultimately, either
well-informed sympathiser members or the Departmental Staff concerned guided them. Even after applying for funds, the state of uncertainty continued for a considerably long period till the funds were received. It was evident from the information available about the date of registration and the date of receipt of funds, that the period of waiting for the funds was so long in each case as to create doubts about the possibility of an efficient working of the societies. This had its adverse effect upon the relationship between the members and the management on the one hand and between the societies and the Department and the financing agencies on the other.

When funds were received for the first time, it was difficult to manage a big amount at a time, though the funds were otherwise inadequate for the business of the society. It was at this stage that the interested forces—from within or without — started working to take advantage of the situation exposing the management of the societies to tempting suggestions. The service type of societies had to tackle the problems of stock, supply of implements and raw materials, technical services, fixing supply rates and services charges, fixing weights and measures, deciding rates of interest on loans to members and deposits, terms and conditions of receiving funds and disbursement, etc. Each of these jobs was a specialised job and the management had to be active,
calculating and prudent. In the case of the producers coops the problems varied from the purchase of land and equipment to the sale of finished goods. Undertaking construction, purchase of improved implements and of raw materials, providing work to members, fixing wage rates, working out costs, employing various personnel and fixing up their functions and responsibilities, etc., were all matters which vexed their minds. Any imbalance exercised anywhere affected adversely the image of the societies. The management being local and representative of the accepted social behaviour easily became a matter of criticism, and it found it difficult to decide even petty matters objectively. Under the circumstances, marketing analysis, production control, cost control and such other techniques were completely out of consideration not because the societies did not wish to have them solved but because of the wider gap existing in the level of techniques and organisation between K.V.I.coops and other organised industries.

Observations: A possible conclusion one could draw from the above is that the members were more keen to put in their labour with the help of available skill and traditional implements they possessed than to take up the responsibility of conducting the affairs of the society. Such voluntary withdrawal was certainly not at the conscious level; it was probably because of an inferiority complex or the lack of self-confidence. This shut
them off from the possible opportunities of advancement vis-a-vis the organised industries.

It also indicates that the official method is not the ideal method of sustaining the cooperative movement. In fact, the officials should not try to pull and push or show themselves off because the essence of cooperation disappears in such a behaviour even if the officials were good. The extent to which the Departmental Official has to use the cooperative technique should be an important consideration. It has been correctly observed that the set up of the Cooperative Department and its management in the State have not been in consonance with the development of the cooperative movement. A change of outlook on the part of the Cooperative Department and the coops concerned is very much needed. Some of the officers have often preferred to 'administer' rather than to 'guide' the movement. Their responsibility has certainly enhanced in an era of planning. 'Cooperation' as viewed by Herbert Myrick, 'touches no man's fortunes, speaks no plunder, causes no disturbance in society, gives no trouble to statesman, enters no secret association, contemplates no violence, subverts no order, envies no dignity, expects no gift nor asks any favour, keeps no

8. E-36: p.96
10. B-34: p.63
11. E-33: p.110
terms with the idle and breaks no faith with the industrious'. But, alas, this statement speaks more of a myth than of a reality.

Conditions described under post-registration problems of patterns needed a human approach because emotional adjustments to a great extent were involved in the process. There are no bureaux or any counsellors at the village level to guide and advise the people in such matters. It will be a miracle, indeed, if the Indian villages are provided such services even by the end of the 20th century.

One cannot refrain from observing the conspicuous inadequacy of the required organisations to serve the interests of the primary coops and to advise and guide them in respect of finance, raw materials and sale of finished goods. The growth of such organisational set up is a relative process. One cannot grow without the rise of the other. The interests are mutually dependent. The crux of the issue is as to which of the organisations should take the lead. In such a situation, one can only think from the overall perspective after a detailed study of other organisations. But, largely, it can be said that the coops ought to be organised from the point of view of technical considerations and not from that of the ideological ones.

12.D-2: p.8
(C) Operational Deficiencies

In the process of working, the coops of bamboo workers, neera tadgur, oil ghani, carpentry & blacksmithy and Khadi gramodyog in Surat District appear to have lagged behind in respect of their formal behaviour within and without. Each coop, generally, had certain official obligations to be fulfilled — it had to maintain the routine relations with business clients; creditors and debtors had to be duly recognised; shareholders had to be adequately acknowledged. Likewise, there were many other matters which needed to be properly attended to by all the K.V.I.coops. While going through the records of each of these coops it was revealed that there were many irregularities pertaining to the maintenance of records, accounting, constitutional and administrative observance of prescribed rules and regulations, etc. The position for each group of the coops industrywise is examined in the paragraphs that follow.

Bamboo workers societies: The working of the 5 bamboo workers coops — Ambach Vans, Bhint Bhudrak Vans, Nanchhal Vans, Sonagadh Vans and Vyara Vans— was not in any way an exception in the matter of the irregularities referred to above. These coops were expected to deal with the procurement of bamboos from the forest and their supply to members for manufacturing baskets, mats, etc. Bulk purchase of bamboos by coops and retail sales
of bamboos and bamboo-products by societies and members were the main activities pursued by them. Mostly the Kotawalies — one of the Scheduled Tribes — were the members of these coops. They were illiterate. The bamboo workers societies were located little away from the forest areas. In the course of their working, the following types of irregularities were noted:

(1) The members were mostly required to obtain permits in their individual names from the Forest Department and to get the bamboos from the forest directly since the societies did not supply bamboos to them.

(2) All members did not sell their products to or through the societies resulting in the non-recovery of the advances from the members.

(3) Audit objections were not complied with for long periods of 4 years by some of them.

(4) The Forest Department allotted 'Coupes' (specific areas) to the federation of forest societies. The federation distributed allotments to different forest societies. Eventually the bamboo workers coops were obliged to work in copartnership or on sub-contract basis with the forest societies to procure bamboos. Certain benefits granted by the Forest Department were enjoyed by the federation and the forest societies. On the other hand, the bamboo workers societies were to bear the proportionate
overhead expenses without getting a proportionate share of the Government grant. Consequently, the profit yielding level of the bamboo workers coops remained comparatively low. At times, the entire accounts of certain 'Coupes' given on contract to bamboo workers societies were en block transferred to forest societies.

(5) Accounting work was found in disorder and in a few cases income and expenditure registers were not prepared for the past 3 years.

(6) On many occasions, the societies' sub-rules were violated.

(7) Some societies did not obtain share certificates against the investment made with other institutions and two of them did not collect dividends against them for a number of years.

(8) Dead stock and membership registers were not maintained by Vyara Vans, while Ambach Vans did not maintain production register up to 1963-64.

(9) Minutes of the managing committees were not recorded in detail.

(10) Many payment receipts and vouchers were incomplete and inadequately maintained in many respects, and some vouchers were not available at all on record for verification.
(11) The current accounts records maintained by Vyara Vans were not regular and as prescribed by the Cooperative Department.

(12) Cash-books were not countersigned by the secretary or the chairman regularly.

(13) In a few cases debit entries were passed twice and in one coop the difference between the closing cash balance and the opening cash balance was very big.

(14) Bhint Bhudrak Vans contracted with one forest society and did the work of cutting the woods in 'coupe' No.B-Slock 56, thereby doing the work in contravention of its bye-laws. This happened with Sonagadh Vans and Ambach Vans once in 1964-65. Such contracts were based on passing resolutions by both the parties but there were no written documents executed. The District Registrar's permission was not obtained by them even at a later stage/formal ratification.

(15) Two coops did not obtain security bonds from the employees, though it was very essential. Similarly, security bonds from secretaries were not obtained.

(16) Share certificates were not issued to all the members and share registers were found incomplete.
(17) The audit memoranda were generally not placed before the Annual general body Meeting for information and approval.

(18) Dead-stock depreciation funds were not created by any of the coops.

(19) In respect of 2 coops, reserve funds were created without the approval of the authorities.

(20) Instances of wrong posting occurred in all the coops, and some postings were made later than the dates of actual expenditures.

(21) Bank pass-books of 3 coops were not maintained up-to-date.

(22) In the year 1964-65 Ambach Vans had made payments 14 times (totalling to Rs.25,000) to Valod Vibhag Jungle Kamdar Society without obtaining any voucher or receipt.

(23) Instances of electing the Chairman by the general body meeting were few. This was in contravention of the bye-laws.

(24) Many coops did not pass any resolutions about the appointment of secretaries and their responsibilities.

(25) There were many cases of individual members who were paid further advances without recovering earlier advances from them and adequate steps for the recovery of advances were not taken by any of the coops.
(26) There were many instances of having inappropriate and inadequate accounting heads opened by the coops.

(27) The annual general body meeting of one coop for the year ending June 1961 was held 9 months after the cooperative year and was six months later than the permissible period of 3 months.

(28) In some of the annual general body meetings the minimum work prescribed for it, as per the bye-laws, was not done.

(29) Initially, the members—Kotawalias being conversant only with bamboo work — did not work for wood-cutting, and it was got done by the labourers who were non-members.
   (In the later period many Kotwalia members worked for wood cutting.)

(30) Dead-stock articles like steel almirahs, tin-sheet cupboards, stationery, etc., were not purchased on tenders as per the rules.

(31) The minimum requisites of accounting — numbering the pages of cash-book, receipts, countersigning the vouchers, numbering the vouchers, accepting only signed vouchers, etc., were not strictly and uniformly followed by all the coops.
Neera societies: There were 6 neera societies, viz., Borakhadi Neera, Choryasi Neera, Ghantoli Neera, Vaheval Neera, Valod Neera and Vedchhi Neera. Their members were mostly Tarvadas, a Scheduled Tribe. The societies were located in the midst of palm trees or nearby a thick forest of palm trees. Procuring Neera from members and others and selling it to nearby consumers on retail basis were the only major functions of these societies. The extraction work is hazardous. Neera is a perishable commodity, particularly in hot weather conditions. Each of these coops was a prey to administrative inefficiency, accounting deficiency and constitutional inadequacy. The nature and scope of such lapses were as under:—

(1) Many of the instructions passed by the departmental sub-auditors were not implemented.
(2) Members did not possess the minimum shares as prescribed under the byes-laws.
(3) Interest was not charged on the share capital remaining unpaid by members.
(4) Compulsory deduction from wages earned by members was not effected though it was demanded by the rules.
(5) Maximum credit limit was not fixed in the case of Borakhadi Neera.
(6) The managing committee of Borakhadi Neera was not elected as per the rules in 1966-67.
(7) The Managing committee meetings were not held according to the frequency prescribed under the rules.
(8) Internal auditing was not done and expenses were approved without looking into details by the managing committees.

(9) Profits in the case of 2 coops were not distributed to members.

(10) The properties were not insured though it was provided for in the bye-laws.

(11) All coops were not the members of the Surat District Industrial Cooperative Bank and the District Industrial Cooperative Association.

(12) Approval from the Board and the District Registrar of Cooperatives was not taken by Borakhadi Neera in appointing the secretary.

(13) Borakhadi Neera undertook agriculture work which was in contravention of its bye-laws.

(14) Stock registers were not maintained and attendance registers were not attested by the secretaries or presidents.

(15) No resolutions about fixing the salaries of the secretary and vice-president were passed by Borakhadi Neera.

(16) Initially, no receipts were passed against the incoming money by any society. (At a later stage, however, the practice of issuing receipts was introduced.)

(17) Daily cash sales were not credited regularly.

(18) Kutcha vouchers were accepted by many of the societies.
(19) Share certificates were being issued to members at a date much later than prescribed.

(20) Borakhadi Neera engaged itself in the purchase and sale of Neera instead of arranging for the production of Neera. This was not in the spirit of the objectives of the coop.

(21) Security bonds from the secretaries were not obtained.

(22) There were many instances of deposits and advances remaining unrecorded.

(23) In a few cases receipts against payments made were not obtained from the parties concerned.

(24) Payment vouchers regarding wages did not carry the signatures of persons to whom payments were made.

(25) Borakhadi Neera did not obtain permission from the District Registrar of Cooperatives regarding an amount of Rs. 60,000 received as loan for a period of 10 years for plantation of trees.

(26) There were no resolutions passed regarding the appointment of regular employees and seasonal employees.

(27) Monthwise expenses were not presented for approval of the managing committees.

(28) Minute books of annual general body meetings were not maintained separately.

(29) Each of the coops did not undertake all the activities laid down in the objectives.
(30) Compulsory saving deposit scheme provided in the bye-laws was not implemented.

(31) The rates of wages paid to members, terms of contract work, fixing the sale price of Neera, opening of sale centres, etc., were all done without any supporting resolutions of the managing committees.

(32) Interests of the persons who ceased to be members on death were required to be regularised in consultation with the nominees. This was not done in many cases.

(33) Useless dead-stock articles were not written off with the consent of the managing committees.

(34) The share capital grants received from the Board by the coops were not passed on to the members concerned by any one of them.

(35) Places taken on rent were not supported by any written documents or by any resolutions.

(36) Many vouchers were not attested by the Secretaries.

(37) Sales on credit were made without the consent of the managing committees.

(38) Four societies had made a dead investment of big amounts in other institutions.

Oil ghani societies: Gijaram Ghani, Mangarel Ghani and Surat Ghani were the three societies dealing in the pressing of oil-seeds. They were required to purchase oil-seeds as per their requirements and sell oil to
consumers direct. Gijaram Ghani was located in a slightly interior place. The members of the ghani oil coops were mainly non-Adivasis. A few of the members were from the Scheduled Castes. The irregularities that occurred in these societies were of the following nature:—

(1) The sales records were inadequately maintained.
(2) Stock registers for the purchase of oil-seeds and oil were not up-to-date in respect of 2 societies.
(3) All the societies did not create price fluctuation funds.
(4) Some purchase vouchers were not authentic.
(5) Daily retail sale proceeds were not recorded in the cash-books.
(6) Share certificates were issued to all the members by only 2 societies.
(7) Two societies did not create depreciation funds.
(8) One society did not distribute profits to members.
(9) Instances of bulk-purchase of oil for retail sales were on the higher side.
(10) Insurance of buildings/sheds were not taken by 2 coops though there was a specific provision to that effect in the bye-laws.
(11) In 2 societies, cash-books were not signed (a) by the secretaries, regularly and (b)
by the presidents, periodically.

(12) Some incomplete vouchers not acceptable to audit were on record.

(13) In a few instances, one society had not admitted new members without assigning any reasons.

(14) Resolutions of the managing committees were not found on record about fixing the sale and purchase value.

(15) Purchases of oil-seeds and sale of oil-cakes were made at the discretion of secretaries.

(16) Managing committee meetings were not always held as required under the bye-laws.

(17) Some of the audit objections remained unfulfilled with each of the coops.

Carpentry and Blacksmithy societies: The 3 coops — Khadakachikhali Suthar, Mandavi Suthar and Saraiya Suthar — were formed by non-Adivasis and the Scheduled Castes members. Most of the members possessed hereditary skill. These coops dealt mainly in the purchase of teak wood, iron sheets and cast-iron and in the sale of wooden furniture, steel almirahs and selected agricultural implements. Manufacturing of finished products was done by societies. The important deficiencies in their case were of the following nature:—

(1) At the time of annual verification, the stock registers maintained by 2 societies did not
(2) Stock registers were never brought up-to-date and many purchases were not recorded.

(3) One society maintained a sales register but in an incomplete form.

(4) Goods were not insured by 2 societies.

(5) Credit sales were generally on the high side, which were against the rules of the societies.

(6) Compulsory deduction was made from the earnings of some of the non-member workers.

(7) The general body meetings of one society were not held in time on two occasions.

(8) Cash-books were not regularly written up and not held in time on two occasions.

(9) Depreciation funds were not created.

(10) There were a few occasions when certain expenses were not approved.

(11) The instructions pertaining to accounting records and vouchers given by the sub-auditors did not function at all.

The instructions pertaining to accounting records and vouchers given by the sub-auditors were not needed to.

Khadigramodvoq societies: Borisavar Khadigram, Poena Xhadigram and Vyara Khadigrara were the three societies.

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The khadi and village industries products not produced by them were always purchased from outside the area and the bulk of such purchases was usually always large. Their working during the last few years revealed the gaps of the following nature:—

(1) In spite of advance intimation, the coops never prepared their accounts in time as and when required by the departmental auditors.

(2) Societies were not observing fully the sub-rules prescribed. Thus:

(a) Control committees were not appointed.
(b) Share certificates were not issued to all the members.
(c) All members were not qualified for admission as per sub-rules.
(d) Increase in the pay of employees was not approved by the managing committees.
(e) Audit objections were not complied with and approval of managing committees thereon was not obtained.
(f) Hard cash balances were maintained without any supporting resolutions prescribing the limits.
(g) Compulsory saving scheme was not extended to all the member artisans.
(h) Internal auditing was not done.
(i) The coops did not deduct share contributions based on the amounts involved in
the purchase of the raw materials and the
sale of the finished goods to members.
(j) Accounts were not written up regularly.
(k) Expenses incurred were not approved in
detail.
(3) Many vouchers required for accounting purposes
were not available and many other vouchers were
inadequately maintained.
(4) There were no resolutions even though entries
were made for provident fund, depreciation and
cycle allowances.
(5) All registers were not maintained as prescribed
by the Cooperative Department.
(6) Security from those handling cash was not
obtained.
(7) In the absence of sufficient funds the coops
generally conducted transactions by taking loans
from other cooperative agencies, which was not
permissible under the rules. The coops did not
even obtain the necessary permission from the
District Registrar.
(8) All the 3 coops were not conducting all the
activities stated and in accordance with their
sub-rules.
(9) Recovery from debtors including the old ones
was not made, nor was any action for arbitration
taken.
(10) There were some assets with coops which remained unutilised as dead investment for considerably long period.

(11) Sales activities were not commensurate with the level of recurring expenses during the earlier years of working.

(12) Borisavar Khadigram continued sales of khadi without obtaining Khadi Certificate from the Commission.

(13) Honorary secretaries were not paying full attention even to the normal working of the coops.

(14) Some of the entries were not passed in the journals and amounts of cash sales effected in respect of few vouchers were not credited to the sales accounts.

(15) Borisavar Khadigram did not call the annual general body meeting once in the year 1966.

**Observations:** The bamboo workers coops are in the midst of contradictions. Largely, they do not undertake activities originally aimed at at the time of registration. They were to organise production and extend services of supplying raw materials to members and arranging sales of products received from them. Instead, the societies have diverted their attention to undertaking the work of the forest societies which is in contravention of the bye-laws. Secondly, the
Kotwalia members, who are professional artisans, are even today reluctant to work as labourers for woodcutting. At the same time, the societies are providing employment to non-members. This is another contradiction. Finally, the members in their individual capacity are approaching the Forest Department to get permits for collecting bamboos from the forest, while the coops, instead of obtaining licence in favour of the societies, work as copartners or cosharers with the forest societies. All this leads us to believe that the spirit of cooperation is absent in the working of the societies.

The neera societies too, suffer from similar contradictions. None of them prefers to restrict the purchase of Neera from members owning and or tapping palm trees. They work as collecting centres. The Neera purchased is transported to sale centres for retail sales. Thus, the societies mostly interest themselves in procuring Neera rather than organising its production. Consequently, the chances of providing employment to the members become remote and non-members are employed for transportation, store and sales activities. Similarly, oil ghani coops have mostly gone in for purchasing oil for resale to consumers rather than involving themselves in the production of oil by pressing oilseeds. The carpentry and blacksmithy societies have, in a few cases, limited their activities to purchasing certain furnitures for resale. Khadigram coops mostly purchase khadi cloth from other certified agencies and
certain village industries products from non-members
instead of themselves working for organising production
activities of khadi and village industries for members.

Thus, the position in respect of all the K.V.I.coops
in Surat District is suggestive of two things— One. The
real interest of the member artisans has not been
properly or adequately looked after. Second. These coops
are mostly functioning as commercial bodies.

Accounting deficiencies are uniformly observed
in all cases. It is primarily because of incompetent
and uninformed persons being in charge of accounts. It
must be stated that there was no case of defalcation or
misappropriation of funds in any of the societies during
the period under review.

Incidents of administrative inefficiency have been
numerous in the case of all the coops throughout. They
have been found to have been overlooked in the name of
convenience and precedence. At times such inefficiency
is due to the caprice of the persons holding the office
or position in the society. The atmosphere, background
and the upbringing of such persons were unobserved as
responsible for casting their shadows on the working
of the societies.

The State Government, through the Gujarat Co-
operative Societies Act, has advanced cooperative
ideals in the industrial field. But the discriminatory
treatment given by the Forest Department to different
bamboo cooperatives and the disregard shown by Prohi-
bitien Department to the interests of neera societies
in the issue of licences are instances where the Co­
operative Department should have and could have become
more vigilant. The fact is that the Cooperative Depart­
ment was seen to be discriminatory in dealing with the
societies.

While going through the past records of the K.V.I.
coops it was observed that occasions of disregarding
the rules, regulations and the decisions of the mana­
ging committees have been quite frequent. Most of the
rules and decisions set aside are important ones and
the consequences arising therefrom are serious enough
to draw the attention of all concerned— the manage­
ment, the Cooperative Department and the financing
agencies—to the general mal-functioning of the socie­
ties. The bye-laws are signed and approved by the
founder-members of the coops and are backed by the
State laws i.e., the State Government. The decisions
are taken after careful deliberations by the manage­
ment — the executives. Any disregard or infringment
thereof tantamounts to self-deception and breach of
trust placed in them both by the State laws and the
members. The Cooperative Department, with its statutory
obligations, remaining a dumb and ineffective witness
in the face of such irregularities and inefficiency
hightens the serious implications for an organisation
with which the destinies of the artisans are tied.
To sum up, it can be said that it is the managing committees, and not so much the members, who are responsible for the multi-faced irregularities committed by the societies. It is the result of the holding of the offices or positions by the same persons in the managing committee for considerably long period. (This aspect is discussed further in the following Chapter VIII.) Secondly, if most of the irregularities are arrested, the chances of the societies becoming viable will certainly improve. The introduction of improved technology can ensure economic viability; but the removal of existing administrative and functional constraints can ensure a more satisfactory performance by these societies even at the existing level of traditional technology. The elected members of the managing committees should have been able to perceive the goals clearly, express the aims and objects effectively in order to motivate the members for group action, and to develop a strategy of action with a view to bringing together adequately the human and material resources for achieving the goals.

(D) Suggestions

Suggestions made in brief in the following paragraphs aim at improving the existing working conditions of the K.V.I. societies.

The quality of the artisan member should be improved in two ways: the professional capacities of the artisan should be located, developed and protected. Since
the artisans are adults and least literate and they represent the lower class of the people, it may be difficult to qualify them further but their professional qualities can certainly be improved by providing them full facilities to work preferably at home. For want of inadequate resources, the required working facilities are denied to them and eventually the artisans’ capacities become dormant. There can be a long list of such facilities to be provided to them and how they can be made to avail of by them are matters of further details.

The initiative of organising the artisans should remain with the artisans and they may be enabled to choose the form and the structure of the organisation. The need for imposition or interference from any outside agency should be dispensed with more particularly during the pre-registration stage. The right of self-decision of the artisans is required to be fully recognised and honoured. The coops should be organised only after the need for them is genuinely felt by the artisans concerned.

The supervisory and inspectorial staff mainly appointed for agriculture credit coops are assigned to supervise and inspect the working of K.V.I.coops. The conditions and needs before and after the registration of agriculture credit coops and those of K.V.I. coops are different. Similarly, the auditors well-versed in agriculture credit accounts are asked to audit trading
and production accounts of K.V.I.coops. Hence, the field staff of the Cooperative Department need to be reoriented in small industries, and division of their functions based on specialisation should be introduced. This arrangement and the element of responsibility should be added to the normal functions of the field staff. Some societies can be adopted to pilot this change. This will not only avoid discriminatory treatment but will also enrich the Cooperative Department in discharging its statutory obligations.

The operational deficiencies and other constraints have disproved the usefulness of the unitary type of production societies. Societies are engaged in activities which are other than those prescribed in their bye-laws and which are against the interests of the members. Incidents of accounting irregularities lower the status of societies for all practical purposes like sustaining creditworthiness, effectively maintaining business relations, winning public sympathy, etc. The artisans belonging to each group of industries are located in a number of distant villages which come in the way of the efficient functioning of the societies. Therefore, the pattern of organising the Artisans' Multi-Service Cooperatives on an area basis for all artisans including those of K.V.I.s appears to be the most suitable remedy. The Cooperative Department can as well examine the possibilities of reorganising the
existing coops including the K.V.I.coops on these lines. The special bye-laws of such multi-service cooperatives, their set up, the part to be played by the State Government and other concerned agencies are all matters of detail which can be easily thrashed out. This of course, does not rule out the usefulness of organising unitary type of production societies where artisans of the same occupation are concentrated in any particular areas.

In respect of the existing production type K.V.I coops, the entire production activities and accounting are required to be re-organised. Matters like the provision of work places, adequate stocking arrangements for raw-materials and finished goods, production of saleable goods, adoption of methods of costing and marketing, etc., should be appropriately looked into. Such a change over would be helpful in arresting production and accounting irregularities to a great extent. After all, no single system is perfect and unless a particular system is adopted, improvement would remain a pious desire.

Amongst the other suggestions that follow, some at least could be adopted with immediate effect.

The membership of the sympathisers in K.V.I.coops should be suspended and the practice of enrolling any such members be dispensed with for a period of 5 years, to begin with.
The office secretary or the manager need not necessarily be elected and must be qualified, trained in industrial cooperatives and accounts and be a full time, paid local worker, possibly from among the artisan members. The existing post of secretary, wherever it is elective, should be converted into the post of member secretary and provision for the appointment of an (additional) office secretary or manager should be incorporated in the bye-laws.

Any activities not directly benefitting the members must be banned by the Cooperative Department.

No member should hold the office or post for more than 3 years at a time, and all such outgoing members should not be considered eligible for re-election at least for a period of 2 years.

Since there is a complete absence of supervision by the financing agencies, these K.V.I.coops should be given supervised credits and accounting to avoid any misapplication of investments.

The aims and objects of the K.V.I.coops should be modified or corrected, wherever necessary.

Bye-laws, rules and regulations of each society should specify the details of how the managing committee would work instead of defining its functions and powers in general.
The District Registrar of Cooperatives should be empowered to impose penalty on any member or a group of members infringing any bye-laws and involved in breach of trust. If so considered, such powers can be given to local Panchayats along with other powers given to them.

Bamboo workers coops and neera societies should be recognised by the Forest Department and the Prohibition Department for the issue of permits and licence directly to meet their needs.