Chapter – VII

SUMMARY OF FINDINGS

In this concluding part of the thesis we present the summary of our broad observations.

Chapter I of the thesis introduced the topic. The chapter presented a brief history of co-operation and specified the objectives and scope of our study. The chapter pointed out that co-operation is not a new concept in today’s world. It has been deeply embedded in the social fabric and ethos of human civilisation since the ancient times. Of course, co-operation in its modern form emerged in Europe only in the middle of the 19th century.

In India the co-operative form of organisation was introduced through the enactment of the Co-operative Credit Societies Act of 1904 by the British Government. During the last century, the co-operative movement in this country could record a remarkable progress.

Nevertheless, the progress of the co-operative movement has not been uniform throughout the country. Some states in India achieved notable progress in the co-operative sector, while others like the states in the Eastern and North Eastern regions of the country lagged far behind. In South Assam, which comprises the three plain districts of Cachar, Hailakandi and Karimganj, the progress of the co-operative movement has been disappointing.

It was against this specific backdrop and the growing realisation of the importance of co-operation and co-operative entrepreneurship in the economic development of backward regions that the present study was undertaken.

The broad objectives of the study were as follows:

(i) to examine the operational features of producers’ co-operatives in the context of the three plain districts of South Assam;

(ii) to examine the pattern of member-co-operative relationship as is prevalent in South Assam and the pattern of discharge of entrepreneurial roles by the leaders of co-operative enterprises; and

(iii) to examine the roles assumed and played by the government for fostering co-operation and assess the implications of such roles for actual growth of co-operative entrepreneurship in South Assam.
The study was confined to examining the cases of producers’ co-operatives operating in the following sectors:

(a) Farming co-operatives, including the co-operatives in the fishery and dairy sectors;
(b) Agro-processing co-operatives including fruits and vegetables processing co-operatives; and
(c) Industrial co-operatives, including the handloom weavers’ co-operatives and the handicrafts co-operatives.

Chapter II delineated the conceptual framework of the study. It was observed that there is no universally accepted single definition of the term 'co-operation'. It is defined variously by various scholars. The International Co-operative Alliance defined co-operative as an autonomous association of persons united voluntarily to meet their economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. The main features of a co-operative form of organisation included (1) voluntary and open membership; (2) democratic control; (3) limited interest on capital; (4) equitable distribution of surplus; (5) co-operative education; (6) co-operation among co-operatives; and (7) concern for community.

For the purpose of the present study, of course, only those organisations were taken as co-operative organisations which were registered under the Assam Co-operative Societies Act, 1949 (Act I of 1960). Section 4 (1) of the Act provides that a co-operative is an institution or a society organised for promotion of the economic interest or general welfare of its members or of the public in accordance with the co-operative principles. It also includes a society established with the objective of facilitating the operation of any society formed and registered under the Act with limited liability.

While identifying the specific features of co-operative entrepreneurship, researchers observed that in co-operative attempt is made to 'collectivise' the entrepreneur. Here, the emphasis is on greater democratisation of entrepreneurial function. Though, like company, a co-operative is a combination of both 'association' and 'enterprise', it is the association aspect that is stressed more in a co-operative enterprise.

The three elements that constitute the basis of group entrepreneurship in co-operative are:

(i) pooling of knowledge;
(ii) pooling of pecuniary resources; and
(iii) ideological motivation.
Scholars tried to draw a clear distinction between the concept of capitalist (private) entrepreneur and the co-operative entrepreneur, so as to identify the specific features of a co-operative entrepreneur. They observed that individuals are entrepreneurs in both capitalist enterprise and co-operative enterprise. But the entrepreneur class is more or less 'closed' in capitalist enterprise, while the entrepreneur class in a co-operative is an open class with 'fluid' membership.

It was also observed that the entrepreneur in a capitalist enterprise represents capital. He can claim to be the residual claimant. But the entrepreneur in a co-operative although is an 'innovator' and 'co-ordinator', is never the sole 'risk taker' nor a 'residual claimant'. As a result the inputs expected from the entrepreneur and the material rewards offered to him do not match. The special rewards for the co-operative entrepreneur are those related to his winning the allegiance and the recognition from the members rather than amassing wealth and capital.

In case of a company the operation of proportional voting right of members enables the promoters to retain control over the enterprise and thus secure their individual interest. Obviously in a company, the association aspect remains subservient to the enterprise aspect.

The leaders and managers are the real entrepreneurs in co-operative, as they explore the opportunity and take the initiative to forge the relationship among the individuals to achieve the purpose central to the members.

In fact, in co-operative, return on capital is never seen as the sole indicator of leadership or management effectiveness. Co-operatives seek salience (prominence and centrality of the interest of the members) and not maximisation of promoters' individual gains.

As a result of all these, a co-operative is likely to make choices in a manner fundamentally different from private enterprise. It requires to function in a manner which would expand and deepen its presence in its membership, in its business and in the economy of its domain, thereby making it more salient. This is done by enticing new members, expanding business, fighting, vanquishing or pre-empting competition, locating and responding to unexplored member needs, diversifying, integrating vertically and horizontally and contributing to social overhead investment.

The experiences of successful producers' co-operatives in India pointed to the following two aspects:
(i) **Strong association:** In all the cases of successful producers' co-operatives studied by the scholars, the association among the members and the association of the members with their enterprise were found to be strong. Scholars, of course, emphasised that a strong association is possible only when certain important conditions are fulfilled. **Firstly,** the co-operative must strive to acquire the position wherefrom it can provide services that are central to the living or livelihood of the members. **Secondly,** members also must feel and recognise the centrality or indispensability of the co-operative for their own sustenance and well-being. **Thirdly,** the members' active association with the co-operative must also be strong; that is, members must take active interest and participate actively in the co-operative's affairs.

(ii) **Entrepreneurial aspect:** Scholars also have pointed out that a strong association seldom appears on its own. It is often the result of the skill, initiative, dedication and innovativeness of the persons who promote the co-operative and are entrusted with the responsibility of planning and running the enterprise. In other words, it is the ability of the enterprise leaders to serve members' needs more effectively that results in a high degree of members' allegiance to the organisation. The entrepreneurial aspect is particularly important in case of producers' co-operatives that operate within the framework of a market economy and therefore have to constantly negotiate with the market forces and respond correctly to the changing market environment.

All these in turn suggest that those who are entrusted with the task of running co-operative enterprises have two important responsibilities. On the one hand, they have to display sound entrepreneurial skill and initiative to ensure good health and growth of their respective enterprises; on the other hand, they also have to ensure strict adherence to co-operative principles and centrality of the interest and welfare of all the members of the enterprise.

Researchers elsewhere have also dealt with in detail the desired role of the government in catalysing co-operation. It has generally been recognised that one of the prime determinants, rather *sine-qua-non,* for successful growth of co-operative entrepreneurship is the existence of a clearly articulated governmental promotional strategy. The state should provide the necessary support and guidance but neither curb the operational autonomy of the enterprises nor allow these enterprises to remain dependents for ever. Deviation from these norms has often been responsible for malfunctioning of co-operatives or for their ultimate failures.

The issues raised by scholars provide a broad framework of analysis which was
sought to be examined and verified through this study for identifying the nature of co-operative entrepreneurship and more importantly for evaluating the growth pattern and the promotional strategy of co-operative enterprises in South Assam Plains.

The study being an exploratory one was based mainly on the primary data collected from the sample enterprises. For this purpose, sample enterprises were selected by going through the districtwise lists of co-operatives maintained by the Registrar of Co-operative Societies, Assam and also by the Director of Handloom and Textiles, Assam. Out of 383 functioning primary producers' co-operatives in the three plain districts of South Assam (As on 31-3-99), 20 primary producers' co-operatives were selected as the sample of our study. The information regarding promotional, operational and other aspects of the sample enterprises were collected by arranging direct personal interviews with the members and leaders of the enterprises. The collected data and information were processed, analysed and logically arranged for the purpose of arriving at our final observations.

In Chapter III, we highlighted the operational features of the sample producers' co-operatives. It was observed that the producers' co-operatives in the three plain districts of South Assam were promoted mostly by the state government.

In the fishery sector, for instance, the government policy during the second plan period to accord preferential treatment to the fishermen's co-operatives while granting lease of natural fishing grounds and fish mahals inspired the fishermen of the region to promote fishery co-operatives in their respective areas.

In the cases of dairy co-operatives, the government policy to introduce Anand pattern of dairy co-operatives in the state under Operation Flood II scheme of the National Dairy Development Board, Anand, in the late seventies (1978-79) and the promotion of the District Level Co-operative Milk Union, known as CAMUL in the undivided Cachar district in 1980-81 boosted promotion of the primary milk producers' co-operatives in this region.

The techno-economic support of the District Industries Centre, Cachar, and the liberal financial grants and subsidies extended by the government for promotion of agro-processing co-operatives, contributed to the promotion of the sample fruits processing co-operatives.

In the cases of handloom weavers' co-operatives, the central government policy to shift production of a particular variety of coarse cloth, called the 'Janata cloth', from textile mills to the handloom sector in 1977-78 and the extension of financial and marketing
support to co-operative enterprises triggered the formation of majority of the handloom weavers’ co-operatives in the region.

In case of the lone industrial co-operative studied by us, although the initiative to form the co-operative came from within the producers themselves to facilitate joint marketing of their produce, here also, the Government played its role by contributing the lion’s share of the capital of the enterprise.

Financial statements of the sample enterprises revealed that government’s contribution towards the total capital of the producers’ co-operatives in the three plain districts of South Assam ranged between 54.6 per cent and 99.4 per cent.

In the cases of fishery co-operatives, government participation in the total capital of the sample enterprises was between 93.3 per cent and 97.9 per cent.

In the cases of the five sample primary milk producers’ co-operatives, government’s contribution towards the capital of the enterprises ranged between 72.7 per cent and 87.4 per cent.

In the case of the sample industrial co-operative, government contributed 72.6 per cent of the total capital of the enterprise.

In the case of the sample agro-processing co-operative it was observed that the government’s participation in the total capital of the enterprise was 99.4 per cent.

The contribution of government in the cases of handloom weavers’ co-operatives was also much higher than the contribution of the members. In the cases of the nine sample handloom weavers’ co-operatives, the share of government in the total capital of the enterprises ranged between 54.6 per cent and 97.8 per cent.

As regards the structure of the producers’ co-operatives in South Assam, it was found that the fishery co-operatives, the industrial co-operatives and the agro-processing co-operatives were self contained decision units of the producer members. There is no district level union or state level federation of industrial co-operatives or agro-processing co-operatives in South Assam.

In the cases of fishery co-operatives though there is a state level federation of fishery co-operatives, in South Assam Plains it could not bring any change in the structure of operation of the fishery co-operatives. The fishery co-operatives were found independent in the matter of operation of their business.

The dairy co-operatives, however followed a two-tier structure of operation. The Primary Milk Producers’ Co-operatives (PMPCs) were found structurally integrated to the district level union of the milk producers co-operatives. These PMPCs were captive
decision units of the Cachar District Co-operative Milk Producers' Union (i.e. CAMUL).

The handloom weavers' co-operatives on the other hand were found tied up to a three-tier structure. The primary co-operatives are integrated to the district level co-operatives and the district level co-operatives are integrated to the state level federation (i.e. ARTFED).

Management of the enterprises in all the cases studied by us was found vested upon the Managing Committee elected periodically by the members. The Secretary of the co-operative has been in all the cases an ex-officio member of the Managing Committee. Very often the Secretary was entrusted with the task of managing the day to day business of the enterprises and executing the decisions made by the Managing Committee.

Operational results of the sample enterprises indicated that for the producers' co-operatives in South Assam, the volume of annual business handled by the co-operatives was relatively low. The per member annual business of the enterprises varied significantly among the different categories of co-operatives. For instance, during the year 1998-99 the per member annual business of the fishery co-operatives ranged between Rs. 97 and Rs. 1665, while in the cases of the handloom weavers' co-operatives, it was observed that the per member annual business of the sample enterprises ranged between Rs. 39 and Rs. 17,144.

Also, majority of the enterprises were found operating either on accumulated losses or suspended their business since the mid-nineties. Out of the 20 sample enterprises 5 enterprises were found suspended their business operation since the mid-nineties and also, 6 of the enterprises were found experiencing accumulated losses for successive years since that period. Atleast 50 per cent of the enterprises were found experiencing a declining trend of business for the last three consecutive years.

It was also observed by us that, while promoting the co-operatives, the government policy-thrust was on enticing the members for formation of the enterprises by arranging liberal grants of financial and other incentives. Naturally, the prime motivation of the members centred around availing the financial assistances and other supports from the government. In course of time, as government aid and support gradually dried up, members' interest evaporated and businesses of majority of the enterprises started showing a declining trend as indicated by the operational results of the enterprises. The only exceptions were the cases of the sample fishery co-operatives and the lone industrial co-operative, which were found serving the interest of the members with relatively less government support and interference in their day to day operation.

167
In Chapter IV, an attempt was made to assess the strength of the members’ association in the sample enterprises.

Within the parameters of study identified in Chapter II, the following questions were examined:

(a) Whether the sample co-operatives were pursuing the objectives that are central to the living or occupation of the members?

(b) Whether the members of the sample co-operatives felt and recognised the centrality or indispensability of the co-operative for their lives, occupation and well being?

(c) Whether the members’ allegiance to the enterprise were translated into their active participation in the affairs of the co-operative?

The survey of the sample enterprises revealed the following:

The main business of majority of the co-operative enterprises studied by us were not central to the living or occupation of their members. This naturally led to the decline of the co-operative’s importance in the aggregate economy of their members and the latters’ gradual loss of interest in co-operative’s affairs.

For 67.5 per cent of the members of the sample enterprises, the prime motivation was to avail subsidies, grants and liberal loans extended by government.

In course of the field survey it was observed that 51.7 per cent of the members felt that their expectations were not being fulfilled by the operation of the enterprises. 35.0 per cent of the members felt that their expectations were fulfilled partially. Only 13.3 per cent of the members felt that their expectations were fulfilled reasonably. As a result majority members of the enterprises showed little allegiance towards the co-operative and were found indifferent as regards the continuity of the enterprises. Only 22.5 per cent members of the sample enterprises were found committed towards ensuring the continuity of their respective enterprises.

Participation pattern of members in the business of the enterprises revealed that 60.8% per cent of the members of the co-operatives studied by us were only occasional participants in the main business activity of their respective enterprises.

In the cases of fishery co-operatives, for instance, 54.2 per cent members of the sample enterprises participated regularly and 45.8 per cent occasionally in the business of their respective co-operatives.

In the cases of dairy co-operatives (PMPCs) only 36.7 per cent members were participating regularly in the businesses of their co-operatives.
Participation pattern of the members of the sample industrial co-operative in the business of their enterprise showed that 50 per cent members of the enterprise were regular participants. While the remaining 50 per cent of them were occasional participants only.

In the case of the sample agro-processing co-operative only 33.3 per cent of the members were regular participants and 66.7 per cent of them were occasional participants in the business of the enterprise.

Also, in the cases of the handloom weavers' co-operatives, it was observed 66.7 per cent member of the sample enterprises were occasional participants and only 33.3 per cent of them were regular participants in the business of the enterprises.

As a whole majority of the members (60.8%) maintained their association with the co-operative mainly for availing benefits from the government sources. Their primary means of livelihood being remote from the main business of the co-operative, they were not dependent upon the operation of their respective co-operatives. Naturally, their allegiance to the co-operative was not strong.

Examination of the participation pattern of the members in the Annual General Meeting of their respective enterprises revealed that more than 60 per cent members of the sample enterprises displayed no active interest in the management of their respective co-operatives. Attendance of the members in the last three Annual General Meeting of the fishery co-operatives were in the range of 38.2 per cent to 42.2 per cent. In the cases of the dairy co-operatives the attendance of the members were between 31.5 per cent and 41.9 per cent. Even in the cases of the sample industrial co-operative and the sample agro-processing co-operative the attendance of the members in the Annual General Meetings of their respective enterprises were found to be in the range of 31.9 per cent to 38.9 per cent, while in the cases of the nine sample handloom weavers' co-operatives, the attendance of the members in the Annual General Meeting of the enterprises were between 31.2 per cent and 40.4 per cent.

The importance of the Annual General Meeting in the case of a co-operative enterprise lies in the fact that the AGM not only provides the members an opportunity to review the progress and financial results of the co-operative for the last financial year but also enables members to meaningfully participate in the process of making of major policy decisions. Naturally, the high or low attendance of members in AGMs indicates the degree to which members are taking active interest in the affairs of the enterprise and are involving themselves in the decision making process. Seen from this perspective,
it appears that the very poor turn outs in the AGMs of the sample enterprises reflected the low degree of members' allegiance to the producers' co-operatives in South Assam. The latter in turn was indicative of the fragility of association as far as the producers' co-operatives in South Assam are concerned.

Chapter V made an enquiry about the pattern of discharge of entrepreneurial roles by the leaders of the co-operative enterprises.

We considered those persons as leaders of the co-operative enterprises upon whom the responsibility of managing the affairs of the co-operatives were vested by the members of the organisation. Such persons included the Chairman, the Secretary and other members of the Managing Committee of the co-operatives.

Scholars observed that the primary task of leaders in co-operatives are:

(i) articulating the needs of the owner members, that is, aggregating the preferences and priorities of the individual members and translating such aggregates into goals that would guide the organisation's functioning; and

(ii) pursuing the organisation goals by mobilising resources, skills, talent and technologies and deploying mechanism to ensure that the operation of the organisation serves the needs of its owners as best as possible.

Profile of the leaders of the sample enterprises revealed that 52 per cent leaders of the enterprises were in the age group of 35-45 years; also 92 per cent leaders of the co-operatives were males. The average level of education of 77 per cent of the leaders of the enterprises were found to be between Class VIII and XII.

A study of the prime occupation of the leaders of the sample producers' co-operatives revealed that the prime occupation of 72 per cent of the leaders of the enterprises was agriculture and allied activities. Trade and business had been the prime occupation of only 8 per cent leaders, while 20 per cent leaders had other activities as their prime occupation.

The economic status of the leaders indicated majority of the leaders of the enterprises belonged to the lower income group. The annual income level of 60 per cent leaders of the enterprises was between Rs. 24,000 and Rs. 60,000.

56 per cent of the leaders of the enterprises had direct association with political parties. Closeness of the leaders with political parties were found relatively more in the case of fishery co-operatives, dairy co-operatives and handloom weavers' co-operatives.

The leaders' perception of the following aspects of a co-operative enterprise were studied:
(a) Mission of the enterprise;
(b) Members' priorities and the duty of the co-operative towards its members;
(c) Their (leaders') own role as leaders of their respective enterprises.

It was observed that 53.3 per cent of the leaders interviewed by us perceived their respective enterprises merely as organisations which have been created for fair distribution of government grants and assistances among the needy people and also for extending support services on behalf of the government to the members for their socio-economic development. 33.3 per cent of them considered their enterprises as an organisational means for collective deployment of efforts and resources for mutual benefits, while the rest 13.5 per cent of the leaders perceived their respective enterprises for promotion of unity and the spirit of self-help among the members.

In the consideration of 66.7 per cent of the leaders of the co-operatives, the prime obligation of the enterprises towards their members was to implement government schemes for upliftment of the rural poor and ensure fair distribution of these among the members. Only 33.3 per cent of the leaders considered promotion of the spirit of self-help among the members and helping them in joint production and marketing of their goods as the prime obligation of their enterprise.

In the cases of the fishery co-operatives and the lone industrial co-operative, however, some exceptions were noticed. 50 per cent of the leaders of the fishery co-operatives put priorities on helping members in joint production and marketing of their goods as the prime obligation of the co-operatives towards their members. On the other hand 66.7 per cent of the leaders of the industrial co-operative considered helping the artisan members in joint production and marketing of their produce as the prime obligation of the enterprise towards its members.

To 63.3 per cent of the leaders of the sample enterprises, continued government patronage and financial support were the prime determinants of success of the enterprises. Out of 60 leaders interviewed by us 38 (63.3%) were of the opinion that the success of co-operatives depended upon the extent of government policy support, financial assistance and other patronages. Only 7 leaders (11.7%) considered the managerial effectiveness as the key determinant of success of co-operative enterprises. The rest 15 leaders (25%) considered members education, awareness & participation in the affairs of the co-operative as the prime determinants of success of their respective co-operatives.
The only exceptions were the sample fishery co-operatives and the lone industrial co-operative. In fishery co-operatives 50 per cent of the leaders considered members education, allegiance and participation in the affairs of the enterprise as the prime determinants of success of the enterprises. 25 per cent leaders also considered managerial effectiveness as the prime factor of success of the enterprises. In the case of the lone sample industrial co-operative 66.7 per cent leaders of the enterprise considered the success of the enterprise depended upon the members allegiance, education, awareness and active participation in the affairs of the enterprise. Another 33.3 per cent of them considered the managerial effectiveness as the prime determinant of success of the enterprise.

In order to assess whether the leaders in the sample enterprises did play any role that was 'entrepreneurial' in the Schumpeterian sense of the term, we tried to ascertain in course of the field survey whether the leaders did carry out any new combinations of the following types:

1. Introduction of new products;
2. Introduction of new method of production;
3. Exploitation of new sources of raw materials;
4. Penetration into new markets;
5. Incorporating new aspects in internal or external organisation.

It was observed that out of the four fishery co-operatives studied by us, two had taken some initiative for exploration of new sources of production of fish and also arranged some change in the internal organisation of the enterprises. Others were following traditional business of fish catching from the natural fishing grounds.

In the cases of the five sample dairy co-operatives not a single enterprise initiated any function of carrying out the new combination of factors of production.

The sample industrial co-operative, however, made some efforts for introducing new product, exploring new source of raw materials and penetrating into new markets.

No initiative was taken by the leaders of the agro-processing co-operative for introducing any new combination in their business activities. Out of the nine sample handloom weavers' co-operative four of the enterprises initiated minor changes in the product design of their enterprise.

As a whole, out of the 20 sample enterprises not a single enterprise could introduce all the five types or even any four types of new combinations. There was no new combination of any type in thirteen out of the twenty sample co-operatives. Also,
except two fishery co-operatives and the lone industrial co-operative, whatever new combinations were tried in the other seven enterprises had very little impact on the actual functioning of the enterprises.

An examination of the operational results of the enterprises revealed that the per member annual business of the enterprises was very poor. It was not even Rs. 1000 per annum in at least 50 per cent of the sample enterprises.

In the year 1998-99, six out of the twenty enterprises showed operating loss; five enterprise were found non-functioning and the net profit to sales ratio of the other nine enterprises ranged between 0.18 per cent and 7.42 per cent only. Also, the trend of sales of the sample enterprises showed that twelve out of the twenty enterprises were experiencing a declining trend of sales during the last three years of their operation.

All these in turn indicated a low level of entrepreneurial initiatives and managerial efficacy of the leaders of the producers’ co-operatives in South Assam.

In Chapter VI of the thesis, an attempt was made to assess the actual role played by the government in South Assam in fostering co-operation.

In fact, government's role in co-operative sectors considerably varies among the countries. Different countries have perceived the role of the government in co-operatives in different ways. In most of the Asian and African countries, co-operation is largely initiated by the government and co-operative enterprises there continue to depend on government supervision and financial aid. India is no exception to this phenomenon of state support and control of co-operative organisation.

Scholars admitted that co-operative organisations play an important role in implementing the state policies and channelising state assistances. Therefore, a certain degree of initial help from authorities is essential in the organisation and development of co-operatives. However, scholars were generally of the view that the state’s role should be ‘supportive’ and not ‘restrictive’ and that all possible action must be taken to create a climate which is conducive to the development of an autonomous and self-reliant co-operative sector.

It has been argued that, government has only three things to do in the context of the co-operative sector:

(i) Government has to give good governance because without good governance there cannot be peaceful, orderly and democratic activity;

(ii) Government has to ensure that there is no unwarranted interference in the affairs of a co-operative;
(iii) Government has also to ensure that there is no discrimination in treatment.

Of course, against the ideals perceived by the scholars and consultants of co-operative organisations, it appears that the co-operative laws in India hardly could work out or do permit any meaningful role for the co-operative entrepreneurs. With their explicit regulatory and bureaucratic bias, the existing co-operative laws in the country constrict the operational autonomy of co-operative enterprises and thereby act as a drag in the way of emergence of self-reliant and vibrant co-operative sector.

In fact, co-operative laws of the country empower the Registrar of Co-operative Societies with the supreme authority to control the operation and management of co-operatives. There are many provisions in the Assam State Co-operative Act which empowers the Registrar to intervene and interfere in the management and administration of co-operative societies. The Act vested de-facto leadership of the co-operative movement to the Government of Assam, empowering the government to modify, amend and bring about new legislation governing the co-operative societies. Registrar of Co-operative Societies has also been given the power of effecting division, amalgamation and dissolution of societies under the Act. The lordship of the Registrar in the formation, administration and dissolution of co-operatives in Assam as provided for by the Act negates in many ways the co-operative principles. It has in fact restricted the possibility for co-operatives to stand on their own as independent and self-reliant democratic institution of the members.

Our survey of the prevailing pattern of the government co-operative relationship in South Assam revealed the following:

In the cases of the fishery co-operatives although the government policy to accord preferential treatment to the co-operative organisations while leasing the natural fishing grounds and fish mahals inspired the formation of the co-operatives, on the whole government interference into the affairs of the enterprises was relatively less. There had not been instances of frequent interference by the government in the day to day operation of the co-operatives. Also, the enterprises were found not heavily dependent upon government for their day to day operation.

The dairy co-operatives (PMPCs) on the other hand, were promoted absolutely at the initiative and assistance of the government. Government policy to implement Anand pattern co-operative under a two-tier structure of operation led to the promotion of the PMPCs in the region. Government not only contributed major portion (72.7 per cent) of the share capital of the PMPCs but also assisted the enterprises by extending liberal
grants, subsidies and other concessional input services. The PMPCs virtually remained dependent upon the government and upon the district level union (i.e. CAMUL) for their day to day operation. The two-tier system of operation with the district co-operative union (i.e. CAMUL) at the top of the system meant absence of autonomy of the PMPCs in managing their own affairs. Naturally the enterprise became non-functional since the mid-nineties when the government managed district level co-operative union (i.e. CAMUL) suspended its operation.

In the case of the lone industrial co-operative, major promotional drives for the formation of the enterprise came from the members themselves. Government of course, helped the enterprise by contributing major part (72.6 per cent) of its capital.

The structure of operation of the enterprise being unitary, there had been lesser external interference into the day to day operation of the co-operative. This enabled the enterprise to retain members’ allegiance and interest in the affairs of the co-operative. It has been found functioning since the last four and half decades with minimum government interference and involvement in its day to day business operation.

The sample agro-processing co-operative was found absolutely dependent upon the government in the matter of its formation and operation. Government contributed 99.4 per cent of its capital. This naturally invited government’s intervention in the affairs of the co-operative. After a few years of commissioning the processing plant of the enterprise, government directly intervened into the operation of the co-operative by deputing a special in the co-operative for looking after the day to day business of the enterprise.

Excessive dependence upon the government for financial support and for management of the enterprise, paved the way for alienation of the members of the enterprise. This alienation combined with the lack of professionalism on the part of the managers created grounds for mismanagement. The enterprise developed huge accumulated loss and ultimately suspended functioning since the mid-nineties.

In the cases of the handloom weavers’ co-operatives it was observed that the government policy of re-organising the handloom weaves co-operatives through a three-tier system of operation promoted the formation of the enterprises. Government not only contributed major part of the capital of the enterprise, but also extended liberal financial assistances and other support services to the enterprises. To much government intervention into the affairs of the co-operatives along with the dependence of the enterprises upon government for subsidies and concessional grants made the handloom weavers’ co-operatives practically agencies for implementation of government schemes.
However, discontinuation of the government grants, subsidies led to the declining trend of business of the enterprises after the mid-nineties.

To sum up, our study of the sample producers' co-operatives in the three plain districts of South Assam enabled us to arrive at the following pertinent observations:

Producers' co-operatives in South Assam Plains were initiated by the State from above. These were perceived as institutional agents of the government for implementing the state-initiated plans and policies. The government initiatives placed nearly the sole emphasis on the association aspect of co-operation; the entrepreneurship aspect remained by and large unaddressed and unattended. Instead of formulating and pursuing a realistic promotional strategy in the context of the divergent socio-economic settings of the region and also instead of creating the right stimuli and incentive that could have motivated people to come forward and take necessary initiatives to grow on their own, the government policymakers preferred to impose a stereo-type structure of co-operation from above.

In all the cases of producers' co-operatives in South Assam studied by us, the involvement of the government in the launching phase of the co-operatives and also in the subsequent phase of their day to day operation was found to be rather elaborate.

Of course, the degree of government control and intervention in the affairs of the co-operatives varied among the enterprises studied by us from being moderate (as in the cases of the fishery co-operatives or the lone industrial co-operative) to high (as in the cases of the dairy co-operatives, the agro-processing co-operative and the weavers' co-operatives).

The performance of the enterprises generally varied inversely with control. That is enterprises with low to moderate degree of government intervention and control were found to be doing better than the enterprises with a relatively high degree of government intervention and control.

There was a general lack of awareness among the policy makers and the administrators about the importance of entrepreneurship in co-operation. Due to this lack of awareness, the enterprises failed to develop or retain members' allegiance to the co-operative. The elected Managing Committees, wherever existed, were found singular in their apathy and less involved in the affairs of the enterprises. The indifferent attitudes of the Managing Committees towards the members' interest created room for mismanagement and entry of vested interest in the management of the enterprises.
Absence of systematic drive for growth, expansion and higher performance was a common feature in all the enterprises.

Excessive dependence of the co-operatives on government grants and assistance and also the pattern and depth of control of the operation and administration of the enterprises by the Registrar of Co-operative Societies made the co-operatives virtually government owned and government managed enterprises. The restrictive provisions of the state co-operative law adversely affected the autonomy of the enterprises and infringed on the members' right of self control and self governance. The principles of voluntary membership, democratic management of the enterprises and minimum external interference in the affairs of the enterprises were not given the due recognition at the governmental policy making level. While the co-operatives studied by us were co-operatives in name, for all practical purposes majority of the enterprises were operating as quasi-public sector enterprises. This has resulted in restricting the scope for assumption of responsibility and display of initiative by the members of the enterprises and stood in the way of emergence of leadership from amongst the co-operators themselves.

Against the backdrop of the above findings our suggestion is that government should adopt a clear co-operative policy, recognising co-operatives as primary economic organisations which are at par with other private enterprises. Emphasis has to be laid on the development of the co-operative sector in activities where the co-operative sector has an inherent advantage. Co-operatives should be allowed to operate independently and government should regulate the affairs of the enterprises only that much as would ensure that majority members' interest are not jeopardised by the activities of the minority members. The state should formulate a well defined policy for catalysing the transformation of co-operatives into member-based and member-focussed institutions vibrant with entrepreneurial initiatives and the necessary organisational strength to be able to freely compete in the market and grow in the era of economic liberalisation.