Chapter – 1

INTRODUCTION

1.1 CO-OPERATION: A BRIEF HISTORY

Co-operation is generally considered the basis of human existence and progress. In fact, since the early days of human civilisation, co-operation remained deeply embedded in the social fabric and ethos of human life. Instances of co-operative efforts were found in the ancient Egyptian era. In those days, co-operative or quasi-co-operative systems were in existence. The craftsmen and artisans during the reign of 'Pharaohs' developed a system of trade which led to the constitution of association charged with the regulation of the entire trade system during the period from 3100 B.C. to 1150 B.C. Cooperative associations also existed in ancient Babylonia where the agricultural leases had co-operative features. Large estates were managed by farmers on co-operative basis. Instances of co-operative societies were found among the ancient Greeks too. There were some burial benefit societies which had legal entity and which used to assure their members of a burial place and decent funeral. These societies aimed at promotion of mutual assistance.

The first money lending society and savings association bearing co-operative features flourished in China during the Hon Dynasty 200 years before the Christian era. In the Roman era- 'Collegia'- a type of co-operative craftsmen organisation came into prominence. Such organisations were formed by shoe makers, pot makers, dyers, carpenters, coppersmiths, goldsmiths and flute players.

In the middle ages (500 to 1400 A.D.) in Europe the co-operative idea took a more concrete shape. The first notion of a self supporting community where the members would

---

3 Ibid, p. 42.
5 Ewell Paul Roy: op. cit, 1964, p. 44.
6 Ibid, p. 45.
live together in amity, substituting co-operation for competition in the business of getting a living, took shape in Europe in the early middle ages. These guilds were nothing but craftsmen's associations, mostly organised to render specific services to their members.7

The mutual fire insurance co-operatives that were prevalent in London and Paris in between 1400 and 1750 A.D. provides further instances of co-operative activities in the middle ages.8

The idea of co-operation is not in any way new to our country also. Co-operation had been practised in India in various forms since the ancient times. In the Vedic literature there were references to the existence of guild system for wood workers, weavers, metal workers, stone workers, leather workers, potters, dyers, fishermen, hunters, butchers, cooks, basket makers, barbers, garland makers etc.9

The joint family system is another example of ancient form of co-operation in India. In this system the lands were commonly owned and cultivated and benefits were shared by the members equitably. The system was based on self help and mutual help. The Nidhis in South India and the Chit fund which were based on mutual confidence and honest dealings were the other instances of existence of co-operation and co-operative practices in ancient India.10

But the modern concept of co-operation is in no way the continuation of the ancient and medieval co-operative ideas and efforts.11 Indeed the modern concept of co-operation is the by-product of Industrial Revolution which took place in about 1750 A.D. It was in the middle of the 19th century, the modern co-operative movement in an organised form emerged, when men and women combined to find an alternative to replace the exploitative tendencies and cut-throat competition unleashed by Industrial Revolution.12

The long series of changes initiated by Industrial Revolution in human conditions and human relations prompted social thinkers and reformists to think of a perfect alternative system which would serve as a 'powerful influence in the remoulding of

---

8 Ewell Paul Roy: op.cit, 1964, p. 50.
thought, culture and economic life in the modern world.\textsuperscript{13} The consensus among the social thinkers was that an ideal form of organisation should be based on co-operation and mutual help instead of on competition and exploitation. Co-operatism thus emerged as distinct doctrine in opposition to the doctrine of Individualism. As Bowen (1953:37) observed:\textsuperscript{14}

There was no single beginning to the co-operative movement. There were many experiments and many failures and until 1844, very few success. Although most of the co-operative societies started in the 1830s collapsed, the idea lived on until co-operation assumed a more practical and a permanent form.

It was the Rochdale Pioneers who first translated the idea of co-operation into a real life organisational form and provided a workable model for a successful co-operative venture.

Rochdale, where the modern co-operative movement was born, was a woollen and cotton milling town in the Lancashire Hills, where all the evils of the Industrial system were rampant in the 1840s. The mills were paying low wages; strikes and lock-outs were frequent. The housing conditions of the workers were very poor. Working hours were long. The retail trading system was deplorable. The condition of workers was at its worst at that time in Rochdale. In 1843, the Pioneers of Rochdale convened a meeting to consider the formation of a co-operative society to save them from different kinds of exploitation and to improve their lot. The efforts of the pioneers continued till 15th August 1844, when they finally resolved to form a co-operative society, known as "Rochdale Equitable Pioneers Society".\textsuperscript{15} The pioneers had formed some rules or ideas for the conduct of business and administration of their society. Those rules were popularly known as the Rochdale Principles.

The success of the Rochdale society led to the establishment of many societies in England and subsequently in other countries. In fact, the Utopian Socialists like Robert Owen and Charles Fourier played a key role in development of the Doctrine of Co-operation. They believed that the greed of human beings under competitive capitalism could be rectified through united action and here lied the rationale of the Doctrine of Co-operation.\textsuperscript{16}

\begin{footnotesize}
\begin{itemize}
  \item \textsuperscript{13} E. R. Bowen: \textit{The Co-operative Road to Abundance}, New York, Henry Schuman 1953, p. 34.
  \item \textsuperscript{14} Ibid, p. 37.
  \item \textsuperscript{15} Jack Bailey: op. cit, 1960, p. 17.
  \item \textsuperscript{16} A. John Winfred and V. Kulanaiswamy: op. cit, 1980, Pp. 4-7.
\end{itemize}
\end{footnotesize}
The British colonial administration introduced the co-operative form of organisation in India at the beginning of the twentieth century.

The widespread poverty and indebtedness in rural areas particularly in the western part of India and the observed tendency among the peasants to turn rebellious against the money lending class posed a great threat to the law and order situation and to the tranquillity of the British Raj. In such a context the British administration could see in co-operation a structural instrument for bringing lasting solution to the problems of small peasants. In 1882 the Madras Government sent Frederick Nicholson a civilian to Germany to study the working of village banks organised there on co-operative lines for the benefit of small farmers. Following the reports of Frederick Nicholson (1895), and also on the basis of the recommendations of Indian Famine Commission (1901) and Sir Edward Law Commission (1901), the British Government enacted the Co-operative Credit Societies Act in 1904 which became the first milestone along the route to modern co-operative movement in India.

However, the scope of the Act of 1904 was greatly restricted in the sense that the Act only permitted the registration of Primary Credit Societies and left Non-Credit Institutions out of its purview. As a result, a new Act was passed in 1912 known as the Co-operative Societies Act of 1912 in order to remove the drawbacks of the Act of 1904. This Act of 1912 laid down the basic legal framework for the modern co-operative movement in India. In fact, this central Act of 1912 was adopted with modifications by most of the Indian states following the Montagu-Chemnford Constitutional Reforms of 1919, which made co-operation a state subject. The first provincial Act was passed in Bombay in 1925 and gradually the other provinces followed suit. The movement got momentum after independence when the instrument of co-operation was being viewed as a powerful means to develop the rural India and was accommodated within the framework of planned economic development.

1.2 PRODUCERS’ COOPERATIVES IN INDIA

After independence, co-operative form of organisation was accepted as an instrument of planned economic development in India to bring about all round socio-

---

18 Ibid, p. 57.
economic transformation of the weaker section of the country. Started with a limited range of activities for dispensation of rural credit during the British period, the co-operative movement in India achieved a remarkable progress during the plan period after independence.

A study of the plan documents and the history of co-operative movement in the country shows that till the Third Five Year Plan, which ended in 1966, the long term objective of co-operative development was to pave the way for establishment of a self-reliant and decentralised economic system in India. During the First Five Year Plan (1951-56), the number and membership of Primary Agricultural Credit Co-operatives in the country increased by 32 per cent and 51 per cent respectively. However, although the number and membership of co-operative societies increased significantly, they could serve in 1956 only 15.60 per cent of rural population. The All India Rural Credit Survey Committee in 1954 recommended in favour of extensive state partnership in rural credit co-operatives to enable them to withstand the opposition of the money lenders and traders and compete with them in rural lending. On the basis of the recommendation of the All India Rural Credit Survey Committee, the Government of India extended the plan outlay for rural credit co-operatives, as a result of which the number of co-operative societies in the country increased by 38.33 per cent from 2.40 lakh in 1955-56 to 3.32 lakh in 1960-61. During the period the membership of co-operative societies also increased by 94.32 per cent from 1.76 lakh in 1955-56 to 3.42 lakh in 1960-61 and covered 24 per cent of the country's rural population.

The Third Five Year Plan took a bold initiative in extending the horizon of co-operatives to non-credit activities, particularly in farming, processing, marketing and industrial activities. A study of the progress of co-operative societies in India during the period from 1965-66 to 1997-98 indicates that during the said period the number of co-operatives increased from 3.46 lakh to 4.88 lakh and the number of membership of the societies increased from 51.9 million to 207.6 million. By 1997-98 co-operatives were covering nearly 67 per cent of rural house holds and 100 per cent villages of the country encompassing almost all sectors of the national economy.

---

19 Ibid, p.70.
Particularly noteworthy was the role that co-operative enterprises had been now playing in specific productive sectors in the country. For instance, the available statistics shows that by, 1997-98, the share of co-operatives in sugar production was 54.9 per cent and in handloom production 55 per cent. Co-operatives also accounted for in that year 6.7 per cent of the country's total milk procurement and 21.5 per cent of the country's fish production.

However, an overview of the status of the co-operative sector in India indicates that the progress of co-operation in different regions of the country has not been uniform. While the progress has been notable in Western, Northern and Southern regions, the Eastern and North-Eastern regions of the country are still lagging far behind in the development of co-operative sector. For instance, out of 342 licensed co-operative sugar mills in the country (As on 31.3.97) only 7 co-operatives were in the states of Bihar and Orissa and 2 were in the state of Assam. 59.36 per cent of sugar co-operatives were located in the states of Maharashtra, Gujarat, Rajasthan and other states of Western region. The states of Karnataka, Tamilnadu, Andhra Pradesh, Uttar Pradesh, Haryana and Punjab jointly accounted for 38.01 per cent of the total sugar co-operatives of the country.

The picture appears to be more or less the same when we look towards the position of the milk producers' co-operatives in the country. The success story in the sixties of the farmer-owned Kaira District Co-operative Milk Producers' Union Ltd. (Popularly known as 'Amul' Co-operative) in Anand led to the adoption of dairy policy that emphasised the development of dairying through the co-operative method. In fact, Amul's success inspired the National Dairy Development Board to launch Operation Flood (OF) in 1970. After 1970 the different phases of Operation Flood Programme sought to replicate the spirit of Anand in most of the states. By the end of 1996-97, more than 91 lakh farmers were enrolled as members of about 71,000 Primary Milk Producers Co-operative Societies (PMPCS) federated to 170 District Milk Unions and 21 State Dairy Federations throughout the country.

---

An analysis of distribution of dairy co-operatives in the country shows that 32.25 per cent of the PMPCS are located in the Northern region and 29.7 per cent are located in the Western region of the country. Gujarat had the largest share of 11,430 PMPCS with 19.50 lakhs members. The Eastern and the North-Eastern regions comprising the states of West-Bengal, Bihar, Orissa and the states of the North Eastern region had only 5501 PMPCS (7.56%) with 3.02 lakh primary members under them.26

In the fishery sector available statistics show that, in 1996-97, there were 12,968 primary fishery co-operatives in the country and most of the fishery co-operatives were located in the states of West-Bengal, Andhra Pradesh, Gujarat, Karnataka, Kerala, Maharashtra and Tamilnadu. The share of North Eastern region including the state of Assam was very negligible.26

During the post independence period, the country also made much headway in other agro-processing co-operative sectors. Here again, most of the processing co-operatives are located in the Western and Southern regions of the country. These two regions together in 1997 accounted for 69.58 per cent of the total Dal and Rice processing units of the country.27

Among all the states, the state of Gujarat is prominent in the co-operative movement next only to Maharashtra. More than 1.10 crore members are getting shelter under the umbrella of co-operatives in Gujarat.28 In the case of plantation co-operatives, Kerala had the largest number followed by Tamilnadu, Karnataka, Himachal Pradesh, Orissa, Rajasthan and Gujarat.29

Another important area of co-operative development in our country is the handloom weavers' co-operatives, which has made significant progress both in number and membership within its fold. At the end of 1997-98, the number of weavers' co-operatives increased to 19,187 from 10,396 in 1984-85. The membership of handloom weavers' co-operative sector also increased to 1.97 million in 1997-98 with a total turnover of Rs. 10,496.04 million as on that date.30 However, the progress of weavers' co-operatives is still slow and needs more support and encouragement to make it a significant sector of the country's economy.

---

26 Ibid, p. 30
co-operatives in the country are not uniformly distributed. Few states like the states of Tamilnadu, Andhra Pradesh and Kerala in the South and the state of west Bengal in the East are more developed and made significant progress in handloom co-operative sector compared to the states of North Eastern region.31

Similarly, in the fertilizer production and distribution sector, the two giant fertilizer co-operatives viz. IFFCO and KRIBHCO together in the mid nineties had been producing about 20 per cent of the total indigenous nitrogenous and phosphatic fertilizers in the country. The states of Punjab, Maharashtra and Haryana are the leaders in the distribution of fertilizers under co-operative fold in the country.32

Viewed against the above mentioned pace of growth of the producers' co-operatives at the all India level, the progress of the sector in North-East India appears rather disappointing. Although following vigorous government initiative and the liberal provisions of various incentives, the number of co-operative societies in this region has significantly grown over time, the general financial and operational health of most of the enterprises have not been sound enough so as to permit the co-operative sector play a vibrant role in the region's economy or in the upliftment of the socio-economic condition of the people in North-Eastern states. The case of Assam may be considered in this connection.

Like other parts of the country, in Assam too, co-operation was initially seen at the policy making level as a means for improving the economic condition of the rural people through the provision of short-term finance and thus by way of relieving the farmers of their indebtedness. Arrangements were made for extending through the co-operatives loans to the cultivators at comparatively lower rate of interest that would enable the cultivators to repay their old debts and at the same time get working capital for cultivation. Through the efforts of the state government hundreds of Primary Agricultural Credit Societies (PACS) and Gaon Panchayat Samabay Samities (GPSS) came into being. Simultaneously, the government also initiated drives through the Department of Co-operation for launching and popularisation of co-operatives in areas like dairying, fishing, weaving and the processing, distribution and marketing of agricultural, industrial and consumers' products. Statistics published by the Directorate of Economics and

Statistics shows that in 1995 there were 1906 primary agricultural credit societies, 748 gaon panchayat sambay samities, 771 primary consumers’ co-operatives, 505 farming co-operatives, 451 industrial co-operatives (other than weavers’ co-operatives), 531 fishery co-operatives, besides 74 processing co-operatives, 2486 women’s co-operatives, 31 marketing societies and 456 primary milk producers’ co-operative societies in the state of Assam. In the handloom sector the setting up of the state level federation of the handloom weavers (i.e. ARTFED) was a major step in the growth of handloom weavers' co-operatives in the state. At the end of 1999 there were 3295 primary handloom weavers co-operatives, along with 23 district level co-operatives of the handloom weavers in the state.

However, the aforesaid surge in number of co-operative societies hardly would reflect the actual state of affairs prevalent in the co-operative sector in Assam. While expectation regarding the liberal provision of finance and other incentives from the government had motivated people belonging to various target groups to set-up societies in large numbers, most of these societies in fact failed to gain salience or good operational health and became non-functional within few years of their launching. This is evident from the very high percentage of non-functional societies among the total number of registered co-operative societies in the state of Assam.

---

34 see Government of Assam: Special Bulletin, Gauhati, Directorate of Handloom and Textiles, Assam, 1999
35 A survey by the Registrar of Co-operative Societies, Assam, conducted in 1980-81 showed that the percentage of non-functional (dormant) societies among the total number of co-operative societies belonging to various categories were as follows: Marketing Society – 40.7%, Milk Union and Society 66.7%, other livestock societies 60%, Fisheries Society 57.5%, Joint Farming Society 66.7%, Collective farming society 47%, Primary consumers’ society 33%, Primary weavers society 69.1%, Primary industrial society 79.5%, Tribal labour co-operative society 50%, Non-tribal labour society 42.9%, Transport society 42.9%. see C.R. Samaddar: Co-operative Movement in Assam, Guwahati, 1995.
1.3 SOUTH ASSAM PLAINS AND THE RELEVANCE OF PRODUCERS’ CO-OPERATIVES

In the context of the uneven growth of co-operative societies in different parts of the country and also keeping in view the observed ability of the co-operative sector to trigger the process of economic transformation of backward regions within the country, the present study aims to identify the character and problem of co-operative entrepreneurship in one of the most economically depressed zones in North-East India, viz. the South Assam Plains.

A brief description of the chosen universe of enquiry is presented in the following paragraphs.

The southern part of Assam comprises five districts viz. Cachar, Hailakandi, Karimganj, North-Cachar Hills and Karbi-Anglong. The first three among these five districts, i.e. Cachar, Hailakandi and Karimganj, constitute the South Assam Plains and account for about 14.3 per cent of the total land surface of Assam and 11.1 per cent of the state’s total population. These plain districts of South Assam (hereinafter called South Assam Plains) share common historical, social and economic traditions. Nearly the whole of this tract, excepting Karimganj district, were parts of the erstwhile Heramba Kingdom until it passed on to the hands of the British in 1832. Presently the three constituent plain districts of South Assam, popularly known as Barak Valley, are sub-divided into a total of 4 sub-divisions, 27 Blocks and 321 Gaon Panchayats. It covers an area of 6922 sq. km. with 2244 inhabited villages lying between Longitude 92°15’ and 93°15’ East and Latitude 24°8’ and 25°8’ North. Cachar district alone accounts for 54.7 per cent of the total land area of the South Assam Plains; the shares of Hailakandi and Karimganj districts in the total area are 19.2 per cent and 26.1 per cent respectively. The total population of this plain tract of land in South Assam was 24.91 lakh in 1991.

---

40 see Government of India: Census of India, New Delhi, Registrar General of India, 1991.
This populous tract of land is bounded on the north by the North-Cachar Hill district of Assam and the Jaintia Hill district of Meghalaya, while Manipur forms its eastern boundary and Mizoram borders it on the south. On the west, the valley shares its frontier with Sylhet district of Bangladesh as well as with the Tripura state.\(^1\)

The topography of South Assam Plains is heterogeneous composed of high hills, low lands and level plains. Vast tracts of land in this southern part of Assam are covered with forests. On the north, east and also on the south it is almost shut in by ranges of hills which in many places occupy considerable parts of the land area.

Forests cover more than one third of its total reported land area. Besides forests, substantial parts of South Assam Plains are occupied by barren tracts, permanent pastures and otherwise uncultivable lands. The net area available for cultivation after deducting from total reported area, the forests and all uncultivable lands, is relatively small. In 1981-82, cultivable land constituted only 43.4 per cent of the region's Total Reported Area.\(^2\)

South Assam Plains is inhabited by multifarious races and tribes. The main segments of population of the area comprise the Bengalee (both Hindus and Muslims), the Manipuris, the Kacharis (Barmans), other tribal folks and tea garden labourers.

The average literacy rate in South Assam Plains in 1991 was 56.6 per cent. The male literacy rate was higher than the female rate, which were 66.4 per cent and 46.1 per cent respectively in 1991.\(^3\)

In 1991, rural population constituted 91.4 per cent of the total population of the area. Table 1.1 below presents the selected economic indicators pertaining to the South Assam Plains:

\(^{3}\) see Government of India: Census of India, New Delhi, Registrar General of India, 1991.
<table>
<thead>
<tr>
<th>Economic Indicators</th>
<th>South Assam Plains</th>
<th>Assam 1991</th>
<th>All India 1991</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Population in lakhs</td>
<td>11.16</td>
<td>17.13</td>
<td>24.91</td>
</tr>
<tr>
<td>2. Density of population (per sq. km. of area)</td>
<td>161</td>
<td>248</td>
<td>360</td>
</tr>
<tr>
<td>3. Sex ratio (No. of females per thousand males)</td>
<td>897</td>
<td>923</td>
<td>936</td>
</tr>
<tr>
<td>4. Literacy rate- over all (%)</td>
<td>22.2</td>
<td>30.6</td>
<td>56.6</td>
</tr>
<tr>
<td>Male literacy (%)</td>
<td>33.0</td>
<td>40.4</td>
<td>66.4</td>
</tr>
<tr>
<td>Female literacy (%)</td>
<td>10.2</td>
<td>19.9</td>
<td>46.1</td>
</tr>
<tr>
<td>5. Urban population (%)</td>
<td>5.5</td>
<td>7.9</td>
<td>8.6</td>
</tr>
<tr>
<td>6. Rural population (%)</td>
<td>94.5</td>
<td>92.1</td>
<td>91.4</td>
</tr>
<tr>
<td>7. Work participation rate (%)</td>
<td>27.5</td>
<td>28.8</td>
<td>30.8</td>
</tr>
<tr>
<td>8. Percentage of workers engaged in agricultural and other primary sector activities</td>
<td>80.4</td>
<td>79.0</td>
<td>70.7*</td>
</tr>
<tr>
<td>9. Cropped area (Net) per cultivator (Hectares)</td>
<td>1.31</td>
<td>0.96</td>
<td>0.75**</td>
</tr>
<tr>
<td>10. Proportion of working population in manufacturing and related activities (%)</td>
<td>---</td>
<td>3.6</td>
<td>4.3</td>
</tr>
<tr>
<td>11. Number of registered unemployed per thousand population</td>
<td>---</td>
<td>---</td>
<td>47</td>
</tr>
</tbody>
</table>

Notes: + in 1991, the occupational distribution has been shown only for main workers for other years, the distribution (%) has been for total workers. 
++ provisional figures. 
— indicates Not Available.

There has been phenomenal growth of population in the region during the last five decades of independence. The total increase in population was 295.3 per cent during the first ninety years of last century. (Table 1.2)

**TABLE 1.2: POPULATION GROWTH IN SOUTH ASSAM PLAINS**

<table>
<thead>
<tr>
<th>Period</th>
<th>% Growth of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901 – 1941</td>
<td>42.0</td>
</tr>
<tr>
<td>1941 – 1991</td>
<td>178.3</td>
</tr>
<tr>
<td>1901 – 1991</td>
<td>295.3</td>
</tr>
</tbody>
</table>


Historical records suggest that, till the early part of the nineteenth century, the economy of South Assam Plains was fairly self sufficient; even, the region used to export huge quantities of agricultural produce and also items of manufacture to the districts of Sylhet as well as to its neighbouring kingdoms. Historical accounts also show that throughout those pre-British days, the 'Khel system', which was the primitive variant of modern co-operative organisations, formed the basis of the economic and social life of the indigenous people of this region. The decline of the economy of South Assam Plains had started even before the advent of the British Raj. By late nineteenth century, following the spread of tea plantations and large scale immigration of labourers from the neighbouring states, South Assam Plains became a net importer of practically all items of manufacture and also of food grains. The next fatal blow to this region's economy came in the wake of independence, when, following partition of the country, huge number of displaced persons from the other side of the border took shelter here and settled down for livelihood.

---

The present economic profile of South Assam Plains exhibits relatively high density of population (360 per square kilometre in 1991), excessive dependence on agriculture (70.7 per cent in 1991), uneconomic size of operational holdings, low level of agro-productivity, widespread unemployment, sluggish urbanisation, and low levels of capital formation and enterprise. As may be seen from Table 1.3 below:

### TABLE 1.3: OCCUPATIONAL DISTRIBUTION OF WORKING POPULATION IN SOUTH ASSAM PLAINS (IN PERCENTAGE)

<table>
<thead>
<tr>
<th>Occupational Patterns</th>
<th>South Assam Plains</th>
<th>Assam Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIMARY SECTOR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I. Cultivators</td>
<td>51.1</td>
<td>46.7</td>
</tr>
<tr>
<td>II. Agricultural Labours</td>
<td>6.8</td>
<td>19.9</td>
</tr>
<tr>
<td>III. Livestock, Forestry, Fishing, Hunting, Plantation, Orchards &amp; Allied Activities</td>
<td>13.3</td>
<td>12.3</td>
</tr>
<tr>
<td>IV. Mining and Quarrying</td>
<td>6.4</td>
<td>0.1</td>
</tr>
<tr>
<td>SECONDARY SECTOR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>V. Manufacturing, Processing, Servicing and Repairs</td>
<td>1.7</td>
<td>3.6</td>
</tr>
<tr>
<td>VI. Constructions</td>
<td>0.5</td>
<td>1.1</td>
</tr>
<tr>
<td>TERTIARY SECTOR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VII. Trade and commerce</td>
<td>5.5</td>
<td>4.9</td>
</tr>
<tr>
<td>VIII. Transport, storage &amp; Communications</td>
<td>1.6</td>
<td>2.4</td>
</tr>
<tr>
<td>IX. Other services</td>
<td>13.1</td>
<td>9.0</td>
</tr>
<tr>
<td>GRAND TOTAL (Total Workers)</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>


Around 70 per cent of the region's working population are engaged in agriculture and other primary sector activities, of whom about a-fourth (17.1% of total working population in 1991) are landless labourers. Another 23 per cent of the working population are occupationally tied to the service sector. The remaining workers (6.3%) are engaged in secondary sector activities; the share of manufacturing and related activities (within the secondary sector) in total employment being only 4.4 per cent.\(^4\)

Disparity indices calculated by researchers suggest that the development distance between South Assam Plains and the other more advanced parts of the state is gradually widening. All these seem surprising, for, South Assam Plains promises enough potential for economic growth not only in terms of the richness of her existing resource base, but also, in terms of the traditional skills of the people in handlooms, handicrafts, fishing, farming and in similar other productive sectors.

In fact, most of the studies on the economy of South Assam Plains have pointed towards the fact that enough potentialities are present in the region for new entrepreneurial ventures in tiny industrial sector and SSI sectors. The accumulated experience, availability of cheap skilled and semiskilled manpower, congeniality of the social traditions and the prevalence of a favourable law and order situation, all acting together offer a somewhat favourable environment for growth of entrepreneurial activities in the productive sectors. Of course, the geographical isolation of the region, the fragility of the existing infrastructure (particularly, power, transport and communication), inadequate development in agriculture along with the phenomenon of low rate of capital formation posed formidable challenges towards the actualisation of these economic potentials of the region.

Given the over-riding importance of the growth of productive sectors in the process of economic transformation of a region and also, given the centrality of the role of entrepreneur in the process, the sluggish growth of the economy of South Assam Plains reflects, atleast in part, the low level of entrepreneurial activities in this region in the productive sectors. While the dearth of enterprise is a general feature of North-East India as a whole, it is particularly true in case of South Assam Plains. It is this specific backdrop that makes the co-operative sector so important in the context of South Assam Plains.

In fact, in the context of South Assam Plains, the importance of the co-operative

sector needs to be assessed in the light of the following facts:

(i) As is documented by the erstwhile 'Khel system', the people in this region has a long tradition of organising their economic as well as social lives on the basis of the spirit of co-operation.

(ii) The persistence of the present low level of enterprise despite a modest level of savings activity of the people points towards the hindering influence of factors like peoples' aversion to risk, lack of entrepreneurial motivation etc. In the given context, co-operative entrepreneurship, through its emphasis on collective sharing of risks and collectivisation of enterprise, offers a viable route for entrepreneurial breakthrough in this region.

(iii) Relevance of co-operation also need to be seen from the viewpoint of survival needs of the petty growers in this region. The World Agricultural Census, 1970-71 shows that the average size of operational holdings in the plain districts of South Assam is the lowest in the state of Assam. In an era of fierce competition and explicit bias towards scale, the tiny growers in South Assam Plains, in agriculture and other sectors, can possibly survive and grow only by pooling their efforts and thus by reaping the economy of large scale. Co-operation, from this point of view also, offers a viable and effective medium.

However, notwithstanding its potentialities and the promotional thrust at the policy making level, co-operative entrepreneurship has failed so far to experience a major breakthrough in this region. The available data shows that the growth of co-operative sector in Assam throughout the planning era has been sluggish. The existing unsatisfactory state of affairs in the co-operative sector in South Assam Plains, naturally leads one to ask the following questions:

(a) What has been the government's strategy for promotion of co-operative entrepreneurship in this region?

(b) What has been the actual experience in the given region, so far as the growth of co-operative entrepreneurship is concerned?

(c) Why the growth of the co-operative sector in this region has been sluggish, despite the promotional thrust?

Indeed, it is the above questions alongside the growing realisation of the importance of co-operative entrepreneurship in the context of the economic development of South Assam that had prompted us to undertake the study.

---

1.4 OBJECTIVES OF THE STUDY

The objectives of the study are as follows:
(i) to identify the operational features of producers' co-operatives in the context of the three plain districts of South Assam, viz. Cachar, Hailakandi and Karimganj;
(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 role assumed and played by government for fostering co-operation and assess the implications of such roles for actual growth of co-operative entrepreneurship in South Assam.

1.5 SCOPE AND LIMITATIONS OF THE STUDY

The focus of our enquiry is on the "Producers' co-operatives" operating in the three southernmost plain districts of Assam, viz, Cachar, Hailakandi and Karimganj. The three districts together account for about 14.3 per cent of the total land surface of Assam and 11.1 per cent of the state's total population. As on 31.3.90, about ten per cent of the total number of registered co-operative societies in Assam were located in these three districts.

Field survey for collection of data from the sample producers' co-operatives were conducted during the year 2001-2002. Attempts were made in course of the field survey to collect financial, operational and other information from each one of the sample enterprises. For understanding the gradual evolution of the co-operative movement in South Assam Plains as well as the different aspects of co-operative entrepreneurship, the entire plan period since 1951 has been covered.

It is also necessary to specify the limitations of our enquiry:
Firstly, the focus of the enquiry is confined to the three plain districts (i.e. Cachar, Hailakandi and Karimganj) in South Assam. No attempt has been made by us to generalise the findings for the whole of the North-Eastern region or even for the whole of Assam.

---

51 see Government of India: Census of India, New Delhi, Registrar General of India, 1991.
Secondly, only the cases of producers’ co-operatives operating in the three plains district have been studied. Producers' Co-operatives for this purpose included the following:

(i) Farmers’ co-operatives operating in the Fishery and Dairy sectors;
(ii) Agro-processing co-operatives;
(iii) Industrial co-operatives, particularly the Handloom weavers’ co-operatives and the Handicrafts co-operatives.

Co-operatives operating in credit, marketing, services and other sectors remained outside the scope of our enquiry.

1.6 CHAPTER SCHEME

The broad framework of the study has been organised according to the following chapter scheme:

Chapter I introduces the work. The chapter presents a brief outline of the history and growth of the co-operative sector in India and provides a statement of the problem to be investigated.

Chapter II through an extensive survey of literature delineates the conceptual framework of the study. The chapter also presents an outline of the methodology, sample design and data base.

Chapter III presents the operational profile of the sample producers’ co-operatives.

Chapter IV examines the pattern of member-co-operative relationship as is prevalent in South Assam. The chapter highlights the level of members’ allegiance to their co-operatives and their participation in co-operatives’ affairs.

Chapter V examines the pattern of discharge of the entrepreneurial roles by the leaders of the sample enterprises.

Chapter VI examines the roles assumed and played by government in fostering co-operation and assesses the implications of such roles for actual growth of co-operative entrepreneurship in South Assam.

Chapter VII presents the summary of findings of the study.