CHAPTER VII

SUMMARY OF FINDINGS AND SUGGESTIONS

SUMMARY OF FINDINGS

1. Dormancy was not an alarming and serious problem in respect of industrial co-operatives in Trichy District with only 6 per cent of the societies remaining dormant. Yet this cannot be ignored.

2. 6 societies or 15 per cent of them were started under various Government sponsored schemes like, Employment Promoting Programme, Half-a-Million Job Programme, or 20 Point Programme.

3. Only 14 societies or 35 per cent of them were controlled by the Department of Industries and Commerce and other 26 societies or 65 per cent of them were controlled by the Khadi and Village Industries Board.

4. 43.1 per cent of the members of the societies were taking part in the activities of the societies.

5. Industrial co-operatives in Trichy District were more service oriented with 57.5 per cent of them undertaking servicing activities only.
6. There was no even distribution of the societies between different parts of the district. 16 societies or 40 per cent of them were concentrated in Trichy Taluk itself while one of the taluks namely Perambalur taluk did not have any society at all.

7. The average size of societies was comparatively very small, 35 per cent of the societies had only less than 50 members each.

8. Neither the Co-operative Central Bank nor the Commercial banks have played any effective role in the financing of the industrial co-operatives in the district.

9. All the societies had adopted the traditional methods of wage payment namely the 'Piece Rate System' and the 'Time Rate System'.

10. The societies were not completely self-sufficient in their operations. Eight societies or 20 per cent of them had non-member workers and 3 societies or 7.5 per cent of them had assigned their work to other organisations since they could not undertake it in their premises.

11. The societies did not adopt the principle of standardisation and hence the quality of goods produced
was not uniform in nature.

12. Seventy per cent of the production societies were directly selling their products, without the aid of central organisation.

13. 20 societies covered by this study or 50 per cent of them had secretarises to manage them and 6 societies were managed by employees of lower cadre. Remaining 14 societies did not have any paid employee at all, as a secretary. None of the societies had any technically qualified secretary in its organisation.

14. Capital intensive and technical oriented societies like the electronic society and the auto servicing society did not work successfully.

15. There was no uniformity between societies in respect of the amount of wages paid by them to their member- artisans. However, it was observed that wherever the raw material cost was higher as a proportion to the total cost of production, the labour cost was low and wherever the raw material cost was less the labour cost was high.

16. As high as 42.5 per cent of the societies under the
Khadl Board and 26.6 per cent of the societies under the Industries Department had sustained loss. The incidence of loss was higher in respect of societies under the Khadi Board than those under the Industries Department.

17. Raw materials and effective demand for the products are the main constraints in the smooth working of industrial co-operative societies.

18. Only 42.5 per cent of societies had the practice of levying cess.

19. In seven categories numbering 33, the share capital contribution by the Government was more than 50 per cent of the share capital of the concerned societies.

20. It was observed that the share capital contribution of the Government in the industrial co-operatives was 43 per cent in respect of societies under the Industries Department, whereas it was only 34.2 per cent in respect of societies under the Khadi Board.

21. The artisans were not given any training in any of the societies.

22. 9 categories numbering 22 societies or 55 per cent
of them had excess assets over their liabilities and
the other 45 per cent of the societies had shortage of
assets indicating the continuous loss sustained by
them. In the year 1977-78 there was a shortage of
13.5 per cent of assets over liabilities. The shortage
of assets was higher in respect of societies under the
Khadi Board with 15.5 per cent than the societies under
the Industries Department with 11.5 per cent.

23. The democratic administration of the co-operatives
was neither practised properly by the industrial co­
operatives of Trichy District nor understood by their
members. Twenty five per cent of the societies had not
held the General Body meetings in 1977-78. In the
societies wherein the General Body meetings were held
the attendance was generally found to be poor in respect
of the brick workers' society, the auto servicing society,
the industries servicing society, the jaggery manufacturers'
societies, the leather workers' society and the electronic
society with less than 50 per cent.

24. 52.5 per cent of the societies numbering 21, namely
the bakery society, the electronic society, the carpet
society, the tailoring societies, the auto servicing society,
the tannery workers' society and the jaggery manufacturers'
societies had not utilised their working capital effectively.
The electronic society and the tannery workers' society had utilised only 25 per cent of the working capital.

25. The business of 15 societies or 32.5 per cent of them could be increased by providing more working capital.

26. Two societies or 5 per cent of them were not classified under audit. Of the remaining societies, 2 societies or 5 per cent of them were classified under the Class 'B'. 32 societies or 80 per cent of them were classified under Class 'C' and 4 societies or 10 per cent of them were classified under Class 'D'. The societies under Industries Department were better placed in respect of audit classification. The two societies classified under 'B' were under the Industries Department while none of them was placed under Class 'D'.

27. In respect of coverage of average membership and in respect of active participation of members, the societies under the Industries Department were better placed than those under the Khadi Board. The average
membership was 156 in the societies under the Industries Department and 137 in the societies under the Khadi Board. The percentage of active participants was 50 in the societies under the Industries Department and 30.6 in the societies under the Khadi Board. Similarly, the societies under the Department of Industries and Commerce paid on an average of Rs. 597 per member by way of wages as against Rs. 538 paid by the societies under the Khadi Board. In paying dividend and bonus to the members as well as in earning profit, the societies under the Industries Department were in a better position than the societies under the Khadi Board.

20. It was observed that the societies under the Khadi Board had been economic in their establishment expenditure. In 1977-78 they had spent only 6 per cent of the cost of production towards establishment as against 23.7 per cent spent by the societies under the Industries Department. That is, the societies under the Khadi Board had spent only 25.3 per cent of the amount spent by the societies under the Industries Department towards the establishment expenditure.
SUGGESTIONS

The problems faced by the industrial co-operative societies are so complex in nature that the suggestions have been given here, under five groups - suggestions to be implemented by five groups of authorities connected with the industrial co-operatives. They are:

1. Suggestions for the organisers of the industrial co-operatives.
2. Suggestions for the controlling authorities.
4. Suggestions for the Financial Institutions, and
5. Suggestions for the Boards of Directors and the societies.

I. Suggestions for the organisers:

(1) The concept of industrial co-operatives which aim at rural industrialisation and decentralisation of industries should be handled very carefully by the organisers. Before taking steps to form the societies, it is essential that proper steps should be taken by
them to educate the members about the need for and the usefulness of the proposed societies. Such a step on the part of organisers will not only lead to the continued patronage from the members but also will avoid dormancy.

(2) Selection of proper trade is another suggestion to be followed by the organisers. With the initial enthusiasm the organisers may select the trade not suitable for the members to be served by the society. This will ultimately lead to its dormancy. Generally, it is better to avoid organising more capital intensive societies and societies requiring highly technical activities in co-operative sector. Such societies, though they appear to prosper in the initial stages, do not develop well ultimately. This is evidently known from the result of the working of the electronic society and auto servicing society.

(3) Before getting the society registered, the organisers should have proper planning and should visualise the working of the proposed society from the long term point of view. They should register the society only when it is likely to get regular supply of raw materials, regular market for its products and
regular patronage from its members. A brief project report on the proposed co-operative industrial unit is necessary before its registration.

(4) Proper care should be taken in choosing the location for the society. The location selected should be likely to attract more customers and should have adequate infrastructural facilities required by the society.

II. Suggestions for the controlling authorities:

(1) The controlling authorities vested with the power of registering the industrial co-operatives, should register only after proper and careful scrutiny and only when they have potential for achieving viability.

(2) They should discourage registering the capital intensive societies and technical oriented societies.

(3) The responsibility of fixing the target for every society should be entrusted to the concerned society so that the chief executive of each society will be accountable for any deviation, to the controlling authorities.
(4) The absence of federal organisations was keenly felt by different types of societies. Steps should be taken to form federal society either at State level and/or at district level which can undertake the responsibility of procuring raw materials as well as marketing their products.

(5) Wherever there is no scope for organising a federal or apex organisation for each type of industrial co-operatives, public sector organisations may be formed for a group of industrial co-operatives to take care of their production, marketing and other technical problems.

(6) Due attention should be given for advertising the products and services of the industrial co-operatives. This may be done in common for the products or services of all the societies of the district so as to economise the expenditure.

(7) The office of the Assistant Director at the District level may send to all the Government offices periodically, details about the products manufactured by the industrial co-operatives in the district. This will enable the officers to procure their requirements from them without any difficulty.
(8) Whenever the Board had not held the General Body meetings for two years consecutively, the Director of Industries and Commerce and the Director of Khadi Village Industries Board as the case may be, should call for the General Body meeting of such society or such societies.

(9) In cases where appointment of secretary for a society is not financially feasible, steps may be taken to appoint a secretary for a group of societies, where there is concentration of societies in a particular locality.

(10) The authorities, wherever possible, should post persons with suitable technical qualifications as secretaries of different types of societies.

(11) The controlling authorities with Government aid may construct common godowns in convenient places to be made available to the societies on rental basis so that even the small societies which cannot afford to construct their own godowns can stock the raw materials and also the finished goods.

(12) Though as per the audit conditions, a society
classified under Class 'D' should not be allowed to continue for more than two years unless it improves at least to the position of Class 'C', societies with 'D' classification consecutively for more than two years were allowed to continue their business. Steps should be taken either to improve their position or such non-viable societies should be liquidated in the interest of the movement.

(13) The Khadi and Village Industries Board should take steps to solve the unique problem faced by the tannery workers' society. Similarly, the Department of Industries and Commerce should set right the working conditions of the electronic society, the bakery society and the auto servicing society. This, it is hoped, would improve the image of the industrial co-operatives of the district.

(14) The members of the jaggery manufacturers' societies have got work only for about 4 to 5 months a year, since they are able to tap mohar from Palmyrah trees only during the season. During the off season period it was reported that the members of the societies did not have any work. That is why the societies were
hesitant to take up marketing activities regularly. It was also reported by the societies that the Government had permitted the members of jaggery societies to tap neera from coconut trees also in certain areas of the State. If this facility is extended to all the societies, the members will have work throughout the year and all the societies will also take up marketing activities. So the controlling authority namely, the Director of Khadi and Village Industries Board can take up the proposal with the Government to do the needful to achieve this.

III. Suggestions for the Government of Tamil Nadu

(1) Section 6 of the Tamil Nadu Co-operative Societies Act of 1961 may be amended so as to raise the minimum number of members for registration of a society from ten to a more respectable number of 25 in respect of the industrial co-operatives. It is also suggested that the Government may make provision for fixing up the minimum numbers for different types of industrial co-operatives.

(2) The Khadi and Village Industries Board has departmental units in the same trade covered by the industrial co-operatives within their area of operation. This is not only superfluous, but may also lead to
discriminatory treatment meted out to them by the
Khadi Board. Hence, it is suggested that the Khadi Board
should refrain from starting departmental units in such
trades which are in competition with those of industrial
co-operatives.

(3) The Government may also consider the appoint-
ment of technical experts who may be attached to the
office of the Assistant Director at the District level
wherever there is concentration of industrial co­
operatives of a particular trade to make them available for
the consultation of the societies.

(4) The Government while recruiting officers in the
Department of Industries and Commerce as well as in the
Khadi and Village Industries Board, should recruit
persons with suitable technical qualifications cocon­
sidering with the nature of work undertaken by the
industrial co-operatives in the State. This will enable
the societies to have duly qualified persons as
secretaries.

(5) The Government should work out plans to give
short term training to the artisan-members in the office
of the Assistant Director at the District level. This will not only improve the efficiency of the members but also increase their involvement in the society.

(6) In cases where such training cannot be given, necessary permission may be granted for such societies for the appointment of qualified foremen in them to train the artisan-members.

(7) Provisions should be incorporated in the Tamil Nadu Co-operative Societies Act of 1961, disqualifying any person carrying on the business similar to the one carried on by the society from being an office bearer of any Industrial Co-operative Society. Such a provision, it is observed, will prevent the misuse of the position of the office-bearers of the industrial co-operatives.

(8) Though the Government of Tamil Nadu had issued a Government Order to the effect that the industrial co-operatives will be given preference in respect of procurement of the different requirements of the Government Departments, this, it was reported, had not been strictly followed in many cases. To enforce the above provision, the Government departments may be permitted to procure their requirements of materials from other sources.
only when the industrial co-operatives in that area are not able to supply them. A non-availability certificate may be insisted from the office of the Assistant Director of Khadi and Village Industries Board or Department of Industries and Commerce, as the case may be, whenever the Government departments have to procure their requirements from sources other than industrial co-operatives.

(9) In respect of supply of raw materials, preference should be given by the Government for the industrial co-operatives. The Government may fix a quota of raw materials to be supplied to the industrial co-operatives on preferential basis.

(10) The present system namely, the Co-operative Department undertaking the audit work is reported to be inflexible and a drag on the progress of the movement. The task of auditing the industrial co-operative societies may be assigned to the concerned departments themselves, that is, to the Khadi Board in respect of societies under its control and the Industries Department in respect of societies controlled by it. Or, it may be entrusted to a separate audit department.

(11) Unlike big concerns where for every aspect of
work specialised experts are appointed, in small-scale industries like industrial co-operatives, the secretaries appointed have to perform the technical work, accounting work, and financial work. So, it is essential that the Government should make arrangements to impart training to every one of them before they are posted as secretaries in industrial co-operatives.

IV. Suggestions for the financial institutions:

(1) The co-operative Central Bank should play its due role in the financing of the industrial co-operatives in the district. It should earmark a fixed percentage of its resources to be lent to the industrial co-operatives. The participation of the Co-operative Central Bank in financing this sector is warranted even on the ground of social justice as they are social bankers. If necessary, the bank may create a separate wing in its administrative set-up for this purpose.

(2) The lending policies of the commercial banks have not changed much even after nationalisation. It is essential that every commercial bank should apportion a fixed percentage of its resources to be lent to the
industrial co-operative societies. This arrangement will reduce the financial strain of the industrial co-operatives to a considerable extent. It is a social responsibility of every commercial bank.

V. Suggestions for the societies and the Boards.

(1) Self-financing schemes, a method of attaining financial self-sufficiency should be aimed at by every society. It is essential that every society should collect thrift deposits from the members. Each society can deduct a fixed percentage from the proceeds of goods sold through it by a member and can create a deposit in his name. It can also take some steps to collect deposits from the members as well as non-members.

(2) Standardisation of products, a feature essentially required in respect of the production societies, should be adopted by every industrial co-operative society.

(3) Industrial Co-operative societies can have brand names for their products so that their products
can become popular in the commercial world. Branding may be made collectively for a particular product.

(4) The Board of Directors of every society should try to acquire knowledge about the latest technique in the field in which the society is engaged so that it can be applied in the operation of the society.

(5) Due attention should be bestowed by the Board of every society to study the market trends.

(6) The societies should not aim at having employment oriented production alone. Production should be employment oriented as well as market oriented. Otherwise the goods produced will remain unsold.

(7) The societies should produce goods and services primarily to cater to local demands, wherever possible so that the problems of marketing and other infrastructure required for storage will be less acute.

(8) The principle of 'co-operation among the co-operatives' should be strictly followed. Accordingly, a
sort of vertical combination can be formed between the industrial co-operatives and consumer stores so that the industrial co-operatives can build a substantial market for their products. Thus, the co-operative super markets run by the Co-operative Wholesale Stores and the Co-operative Marketing Society will serve as marketing centres for the products of the industrial co-operatives in Trichy District.

(9) Every society should devote proper attention to develop salesmanship so that it can compete with the private producers as well as private merchants. In this connection the society may also have different types of incentive schemes for the members and employees.

(10) Every year a fixed amount can be earmarked by the societies in their budgets, for meeting the sales promotional expenditure. By this, the societies can take steps to improve the market for their products.

(11) It is essential that every society should have a diversification programme for production. This will help every society to avoid loss in its operation.

(12) If a society had not achieved the target fixed for it in any year, the causes for such deficiency
should be analysed by the Board and immediate steps should be taken by it to rectify the position. This will help the society to have an effective planning.

(13) It is essential that the establishment expenditure incurred by every society should be in proportion to its size and turnover. So the Board must see that the amount spent on establishment is not disproportionate to its turnover.

(14) Every society should include centage in its cost of production/service, so that the price fixed will cover the establishment cost also.

(15) Societies should try to raise resources as far as possible by cheap loans. The societies under the Khadi and Village Industries Board should avail themselves of the cheap credit facilities provided by the Khadi and Village Industries Commission instead of going in for the loans from the Tamil Nadu State Industrial Co-operative Bank at 14 per cent interest.
(16) The societies should convone General Body meetings regularly. Incentives may be given for members for attending the General Body meetings, such as provision of refreshment, exhibiting film shows etc.