CHAPTER - I.

RESEARCH DESIGN

INTRODUCTION

India is an agricultural country with 80 per cent of its population depending on agriculture directly or indirectly for its livelihood. The income earned by the agriculturists out of their main occupation is hardly sufficient for them to balance their budget. Naturally, there are many small-scale industries with a flourishing centuries-old industrial culture, which supplement agricultural earnings of the farmers. The traditional handicrafts and village industries are known for their workmanship, skill and design. The alien rule and the introduction of machine-made goods gave a crippling blow to the small-scale industries. Though these organisations are not self perpetuating, commercially viable and are thriving under the protection of the Government, they have ample scope for development since they provide an outlet for the artistic talent of the rural masses and satisfy the wants of millions of rural people.
Gandhiji, the father of the nation, has strongly pleaded for the development of small-scale industries. He has aptly remarked 'I would say that if the village perishes, India will perish too. It will be no more India. Her own mission in the world will get lost. The revival of village is possible only when it is no more exploited. Industrialisation, on a mass scale will necessarily lead to passive or active exploitation of villages, as problems of competition and marketing come in. Therefore, we have to concentrate on the village being self contained manufacturing mainly for use'.

He has further added that the extinction of village industries would mean complete ruin of the 700,000 villages in India.

In the Post-Independence era, certain effective steps were taken to revive the village industries, and to give a new life to this sector under the aegis of Five Year Plans. Formation of industrial co-operatives was one such measure. Even though provision had been

2. Ibid - p.22.
made in the Co-operative Societies Act of 1912 for organisation of non-credit societies, progress in the formation of industrial co-operatives was proverbially slow. Thanks to the planning authorities, after Independence necessary steps have been taken to promote the industrial co-operative societies. Yet, the operation and growth of these societies are not encouraging. They are far from achieving the desired level of development.

PROBLEMS OF INDUSTRIAL CO-OPERATIVES

The problems confronted by them are too complex to be tackled by a few Government measures. Stiff competition from organised sector, weak organisational and financial structure, shortage of raw materials and unsatisfactory marketing arrangements are some of the inhibiting factors retarding the growth of industrial co-operatives. The net effect of all such difficulties is the high incidence of dormancy among these societies. As against 26,195 registered primary industrial co-operatives in India at the end of June 1975, as many as 13,994 were dormant.3

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The topic on Industrial Co-operatives has been chosen for research study, not because other areas in the field of co-operation are less important, but mainly because this field of co-operation is closely connected and intimately linked with solving the major problem of the nation, affecting its growth and prosperity through employment.

We have analysed the economics of industrial co-operatives in Trichy District of Tamil Nadu. This study has been undertaken to find out the working conditions of these societies in that District. Trichy District is unique in that a large number of industrial co-operatives have been established. They vary not only in number but also in variety. There were 20 different types of societies engaged in different lines of production or service. This fact has limited our study to industrial co-operative units excluding the units manufacturing textiles such as co-operative weavers' societies. Since considerable amount of research has already been done in weavers' co-operative societies we have excluded them from our study and concentrated on all other industrial co-operative units in Trichy District.
SCOPE AND LIMITATION OF THE STUDY

The study does not cover all the industrial co-operative societies in Trichy District. As per the Government administrative set-up, the industrial co-operative societies in Tamil Nadu are controlled by three different departments of the Government namely: (1) The Department of Handlooms and Textiles, (2) The Khadi and Village Industries Board and (3) The Department of Industries and Commerce.

The Director of Handlooms and Textiles is the Chief Executive of the first department, The Chief Executive Officer is the head of the Khadi and Village Industries Board, and The Director of Industries and Commerce is the head of the Department of Industries and Commerce.

The term "Industrial Co-operatives" commonly signifies all the societies controlled by the three departments. But this study is confined to only the industrial co-operatives controlled by the last two departments namely: the Khadi and Village Industries Board and the Department of Industries and Commerce. The societies controlled by the
Director of Handlooms and Textiles have been purposely omitted on account of the following reasons:

1. Comparatively the handloom industrial co-operatives, work more successfully and profitably than those controlled by the other two departments of the Government. This will be revealed even on the basis of the number of dormant societies under these two departments.

2. The problems faced by the handloom industrial co-operatives are different from those faced by the other industrial co-operatives.

3. The handloom societies in Tricky District, because of their large number, importance, and special complications attached to them, may be taken, as a separate topic for research studies.

4. By limiting the study, to the societies of the two departments now covered, we have given wider coverage of societies in collecting data, thereby making the study in depth of various aspects and problems of the societies,
and recommending the practical and useful suggestions for their improvement.

5. Last but not the least, even the Reserve Bank of India which provides data about the co-operative societies through one of its publications namely: 'The Statistical Statements Relating to the Co-operative Movement in India' classifies the industrial co-operative societies under two categories namely Handloom Industrial Co-operatives and other industrial co-operatives.

Besides, as stated already, there are a number of studies undertaken on the working of the Handloom Industrial Co-operatives in Tamil Nadu. Hence we have confined our study to industrial co-operatives units excluding handloom.

The scope of the study extends to various aspects of the working of industrial co-operative societies such as production, finance, marketing, their operational efficiency and other related problems which are reflected in their cost of production, their capacity to provide sufficient employment to their members and the amount of wages paid by the societies to them.
Though the survey is restricted to industrial cooperatives in Trichy District, reference has been made to Tamil Nadu as well as the whole of India in appropriate places to arrive at practical and useful conclusions.

OBJECTIVES OF THE STUDY

The study is designed:

1. To find out the working conditions of the industrial cooperatives in Trichy District.
2. To assess their operational efficiency.
3. To find out the reasons for dormancy of these societies.
4. To make a comparative study of the societies controlled by the two departments, namely, the Khadi and Village Industries Board and the Department of Industries and Commerce.
5. To analyse their problems.
6. To give suggestions for improving their working conditions.

The study is a micro-specialisation. But what is applicable to a district, is also applicable to the State as a whole. Hence, on the basis of the study relating to
the problems of industrial co-operatives in Trichy District, the problems faced by industrial co-operatives in general can be understood. The solutions suggested with reference to the societies of Trichy District may also have a general application.

OPERATIONAL DEFINITION OF THE CONCEPTS

Trichy District: Trichy also known as Trichirapalli is one of the 15 Revenue Districts in Tamil Nadu. It is situated in the central part of the State. According to 1971 Census, this district has a land area of 11,114.34 sq. kms. of which 10,776.95 sq. kms. are under rural areas and the remaining area is under urban centres. It had a population of 31,92,134 of which 24,33,775 resided in villages and the remaining 7,58,359 lived in urban areas. So, either from the point of view of the area or from the point of view of the population, Trichy District is practically rural oriented and it has ten Revenue Taluks.

Industrial co-operative: It refers to a co-operative society in the industrial sector in Trichy District duly registered under The Tamil Nadu Co-
operative Societies Act of 1961 and controlled either by
the Khadi and Village Industries Board or by the
Department of Industries and Commerce.

Dormant Society: It refers to an industrial co-
operative society, which is a live society, but which
neither undertakes production nor provides any service
to its members. Its existence is only on record.

Active member: It refers to a person who as a
member of the society, actively participates in its
activities and does not include any person whose membership exists only by enrolment.

Production Society: It refers to an industrial co-
operative society which is engaged in the process of
production of goods by giving employment opportunity to its members.

Service Society: A service society is one which
renders, to its members, specific services like supply
of raw materials, provision of credit and/or marketing
of their products to enable them to carry on their
production work smoothly and includes a society which provides employment opportunity to its members in its premises.

Gentage: It refers to an amount added to the cost of production of goods manufactured by a society, or procured by a society, or to the cost of services done by a society, to cover the cost of establishment. It is calculated at a percentage of either prime cost or labour cost.

METHODOLOGY AND TOOLS

Technique: Field survey method was adopted to collect data required for the study. The secondary data for the statistical part of the report had been collected from the reports published by various sources such as the office of the Khadi and Village Industries Board, the Director of Industries and Commerce, reports published in magazines and newspapers, and from the Statistical Statements relating to the Co-operative Movement in India published by the Reserve Bank of India.
COLLECTION OF DATA

Primary Data: For collecting the primary data a detailed questionnaire was prepared and it was tested in the first instance with five selected societies of different types. After making necessary changes in the final questionnaire in the light of the experience gained in the testing, the questionnaire was finalised and printed. The copies of the questionnaire had been distributed to the secretaries of the societies selected for the study. The implications of each part of the questionnaire was explained to the secretaries of the societies by the researcher himself by proper canvassing, and they had no difficulty in giving the required details in the report.

To supplement the data collected through the questionnaire, the researcher visited the societies and had interviews with the secretaries and other officials in charge of the societies, to study the extent of cooperation the societies got from the members. The researcher also had interviews with the Assistant Director of the Khadi and Village Industries Board and the Assistant Director of Industries and Commerce to
study the role played by these departments in the development of the movement. The audit reports of these societies for the period of study was also analysed to take note of the official remarks about the working of all the societies surveyed.

Coverage of Societies

Table-I.I shows the position of industrial co-operatives in Trichy District in 1978. There were 67 active societies controlled by the Khadi and Village Industries Board and 14 active societies under the control of the Department of Industries and Commerce in Trichy District. All the societies were diverse in nature in the sense that they were engaged in the production of different types of goods or rendering different types of services. But of the 67 societies under the Khadi and Village Industries Board, 55 were Jaggery manufacturers' co-operative societies. So except, the jaggery manufacturers' co-operative societies, with regard to other types of industrial co-operatives cent per cent coverage had been adopted in collecting data. In respect of jaggery manufacturers' societies, on the basis of random
sampling, 14 societies were chosen and the required data were collected from them also, through the common questionnaire.

Thus, in total 40 societies were covered by this survey - 26 societies controlled by the Khadi and Village Industries Board and 14 societies by the Department of Industries and Commerce. The societies thus selected are as given in Table-I. 1.

It may be noted that the following seven societies which were controlled by the Department of Industries and Commerce till 1976-77 were transferred to the control of the Khadi and Village Industries Board in the year 1977 by Government Order No. M.S. 861 Industries Department dated 6.7.1977. Accordingly we have included them under the Khadi and Village Industries Board in the year 1977-78. The societies thus transferred are:

1. Carpentry workers' co-operative societies. ... 3
2. Carpets and druggets production society. ... 1
<table>
<thead>
<tr>
<th>Type of Societies</th>
<th>No. of working societies</th>
<th>% of column 3</th>
<th>No. of societies studied</th>
<th>% to the column 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(A) KHADI AND VILLAGE INDUSTRIES BOARD</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Carpentry Workers' Societies</td>
<td>3</td>
<td>100</td>
<td>3</td>
<td>7.5</td>
</tr>
<tr>
<td>2. Dec-Keepers' Societies</td>
<td>2</td>
<td>100</td>
<td>2</td>
<td>5.0</td>
</tr>
<tr>
<td>3. Oil Producers' Societies</td>
<td>2</td>
<td>100</td>
<td>2</td>
<td>5.0</td>
</tr>
<tr>
<td>4. Carpet and Druggists Production Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>5. Basket Makers' Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>6. Blacksmithy Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>7. Tannery Workers' Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>8. Leather Workers' Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>9. Jaggery Manufacturers' Society</td>
<td>55</td>
<td>25.45</td>
<td>14</td>
<td>35.0</td>
</tr>
<tr>
<td><strong>TOTAL.</strong></td>
<td><strong>67</strong></td>
<td><strong>38.8</strong></td>
<td><strong>26</strong></td>
<td><strong>65.0</strong></td>
</tr>
<tr>
<td><strong>(B) DEPT. OF INDUSTRY'S &amp; COOPERATIVE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Synthetic Gem Cutters' Societies</td>
<td>3</td>
<td>100</td>
<td>3</td>
<td>7.5</td>
</tr>
<tr>
<td>2. Women's Tailoring Societies</td>
<td>2</td>
<td>100</td>
<td>2</td>
<td>5.0</td>
</tr>
<tr>
<td>3. Electronic Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>4. Women's Bakery Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>5. Women's Bakery Manufacturing Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>6. Taxi and Auto Rickshaw Drivers' Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>7. Brick Workers' Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
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<tr>
<td>8. Metal Workers' Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>9. Industries Servicing Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>10. Chalk Workers' Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>11. Auto Servicing Society</td>
<td>1</td>
<td>100</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>TOTAL.</strong></td>
<td><strong>14</strong></td>
<td><strong>100</strong></td>
<td><strong>14</strong></td>
<td><strong>55.0</strong></td>
</tr>
<tr>
<td><strong>(A) + (B) : TOTAL.</strong></td>
<td><strong>61</strong></td>
<td><strong>49.38</strong></td>
<td><strong>40</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>
3. Basket makers' co-operative society... 1
4. Leather workers' co-operative society... 1
5. Blacksmith co-operative society... 1

Consequent on the transfer of seven societies from the Department of Industries and Commerce and consequent on the formation of new societies under the control of the same department during the period of study, the coverage of the societies in this survey for the five years of study is as given below:

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of societies under the Khadi Board</th>
<th>No. of societies under the Industries Dept.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-74</td>
<td>***</td>
<td>19</td>
</tr>
<tr>
<td>1974-75</td>
<td>***</td>
<td>19</td>
</tr>
<tr>
<td>1975-76</td>
<td>***</td>
<td>19</td>
</tr>
<tr>
<td>1976-77</td>
<td>***</td>
<td>19</td>
</tr>
<tr>
<td>1977-78</td>
<td>***</td>
<td>26</td>
</tr>
</tbody>
</table>
COVERAGE OF PERIOD

The development of the movement during a period of five years coming under the tenure of the Fifth Five Year Plan, that is, between 1973 and 1978 has been studied. The purpose of selecting this period is to find out how far this sector had grown and progressed during the period of Fifth Plan, when the movement got greater support from the Government, compared to previous four Five Year Plans.

ANALYSIS OF DATA

Generally, simple frequency Tables and two dimensional Tables were used to analyse the data and to arrive at meaningful interpretations. To evaluate the comparative performance of the societies controlled by the Khadi and Village Industries Board and those controlled by the Department of Industries and Commerce, wherever necessary, comparative analysis had also been made.
The report of the study is presented in the following 7 Chapters:

Chapter I
Research Design.

Chapter II
Industrial Co-operatives in India's Economy.

Chapter III
Structure and the working conditions of industrial co-operatives in Trichy District.

Chapter IV
Operational efficiency of industrial co-operatives in Trichy District.

Chapter V
Comparative analysis of industrial co-operatives under the Khadi and Village Industries Board and those under the Department of Industries & Commerce.
Chapter VI

Problems of industrial co-operatives in Trichy District.

Chapter VII

Summary of findings and suggestions.