The industrial co-operatives in Trichy District, diverse as they were, the problems faced by them were also varied in nature. Some of the problems such as financial dependency, marketing, lack of loyalty, illiteracy of members and lack of leadership development, non-viability etc., were common to all types of societies. Some others were special and unique in nature. For example, expansion of activity by the tannery workers' society without democratic sanction, investment of the working capital in the fixed assets by one of the oil societies, shortage in the supply of coal due to the prerogative of the Railway Department to make use of the coal consigned to third parties, amendment in the procedure for payment of compensation by the Government to the members of the jaggery manufacturers' societies etc., were the special problems confronted by the industrial co-operative societies. Both types of problems had affected the operational efficiency of the industrial co-operatives in general. All such problems are analysed in this Chapter.
The problems faced by the industrial co-operatives of this district could be broadly classified as under:

1. Planning and organisation;
2. Finance;
3. Production and Technical know-how;
4. Marketing;
5. Managerial;
6. Social and Human Relation, and
7. Miscellaneous.

1. PLANNING AND ORGANISATION

Mistakes, flaws and deficiencies committed at the planning and formative stages of the societies have caused perennial problems in the operation and management of the societies. They are as follows:

(a) Improper selection of trade for the society:

While choosing a particular trade or business to be undertaken by the industrial co-operative society to be formed, its appropriateness, and technical and economic feasibility should be assessed properly. Proper care should also be taken to ensure the continuous and uninterrupted supply of all the materials required by the society.
The problems faced by the electronic society and the bakery society were due to such inappropriate selection of trade. The electronic society with a complicated production process should not have been started under the co-operative sector and similarly even the bakery manufacturing trade for a women-society was an improper selection. On account of this wrong selection of trade, both the societies had been sustaining loss ever since they were formed. The electronic society could not even provide regular employment for its members because of this reason.

(b) Improper and haphazard planning: Unless a society decides in advance by proper planning very clearly the various aspects about its operations like the volume of production, variety of goods to be produced, the type of layout it should have, its organisational structure etc, the society will not only find it difficult to achieve its target but also may have to face complete confusion. Unplanned society will be like a ship without a proper and scheduled voyage with no clear cut objectives. Thus, lack of proper planning may even lead to the liquidation of the society itself. The bakery society
was formed without proper planning. It was a women's society. There were many private leading bakery manufacturers in that area. The organisers should have examined the economic feasibility of such a society before its registration. The electronic society was also started without proper planning. The two societies were started without estimating the demand for their products which could not, therefore, decide about the volume of production to be undertaken by them. The organisational structure was conspicuous by its absence. These lapses in planning involved the society in continuous losses.

(c) Unsuitable location of the society: The location selected for an industrial co-operative society should have all infrastructural facilities so that the members of the society will find it convenient to carry on the work smoothly. This will also attract a large number of customers. Any hasty decision in this regard may cause difficulties to the society at a later stage. The auto servicing society was located in an unsuitable place. Being a service society, it ought to have been located in a central place well connected with adequate communication
and transport facilities, so that the vehicle owners could return without any difficulty leaving the vehicles in the society for servicing. Since the society was located in a remote place of the town not connected with adequate transport facilities, it could not command business to justify the huge investment of capital. Thus, the Webber's theory of location though considered to be outmoded, has not become completely obsolete. It holds good with reference to the industrial co-operatives of Trichy District.

(d) Co-operative societies and departmental units:
The Khadi and Village Industries Board had started departmental units directly under its control side by side with the co-operative societies in the same trade and in the same area. In Trichy District the Khadi Board has one oil unit and one leather goods unit under its direct control when there were co-operative societies in the same trade. This appears to be completely superfluous. Having two different patterns of organisation under the control of the same authority had created unhealthy competition. This had also led to the valid criticism by the co-operatives that the departmental officers had partisan
attitude towards the departmental units neglecting the co-operative societies.

(c) Failure to forecast the long term economic viability

Before organising a society, the promoters should study whether the proposed society would have long term economic viability. If the society is not likely to have long term economic viability, there is no meaning in starting such a society, wasting the resources. Economic viability does not mean merely the profitability of the society; it should be capable of providing employment and other services to their members regularly. The promoters of the electronic society had made a mistake in not forecasting the economic viability of the society properly and that had led to the failure of the society. The society had as much as Rs. 2,59,000/- of working capital. But its turnover had never been more than 34 per cent of its working capital, in any year in the course of the period of study. The society had been providing employment to hardly 6 artisan-members and it had been sustaining loss regularly ever since it was formed.
(f) Lack of proper entrepreneurship: The development of entrepreneurship had been one of the aspects of neglected by the co-operative sector. Some persons should take steps to organise the society effectively. Successful working of the society depends on the efficiency of the entrepreneur or the promoter who had organised the society. He should organise the society only after a complete study of the environmental conditions in which the society is to work. He should also forecast the long term economic viability of the society proposed. It is only through him that the society will be able to promote business in the beginning of its operation. The women's bakery society, the electronic society and the auto servicing society were the worst affected societies on account of lack of proper entrepreneurship in the co-operative sector of this district.

2. FINANCE

(a) Utilisation of working capital: The financial problems faced by the industrial co-operative societies in Trichy District were unique in nature. It is a tragedy that while some societies suffered for want of working capital, there were some other societies which
had excess working capital which could not be utilised profitably. The societies which had the shortage of working capital were not able to get the required amount on time to carry on their business activities smoothly. It was reported by 16 societies - ten production societies and six service societies, that the insufficiency of working capital had affected their business turnover. An analysis of the working capital invested in the societies under study, and the utilisation mode by them had proved that the working capital utilisation was either just equivalent to it or even less than the amount of investment in the majority of them (52.3%). It may be mentioned that 14 societies or 35 per cent of them - all jaggery manufacturers' societies did not at all use their working capital, that is, the utilisation was zero. With reference to three more societies namely the electronic society, the bakery society, and one tailoring society, the utilisation was less than even 50 per cent of the working capital investment in them.

To find out the extent of the relationship between the investment of working capital and production of industrial co-operative societies of production type, a rank correlation analysis was worked out. The result of
the analysis is given below:

\[ \rho = 0.276908 \]

\[ \text{to} = 1.1617 \]

\[ \text{te} = 2.13 \]

\[ \text{d.f.} = 15 \]

The result: not significant.

Thus, the overall analysis proved that there had been no correlation between the working capital investment and the volume of goods produced by the production societies. The same was the position in respect of the service societies. As many as 14 societies did not at all use their working capital and in 4 societies the utilisation was just to the extent of their working capital investment.

Thus, the statement reported by the 16 societies about the shortage of their working capital could not be accepted, totally. However, analysing the position of the individual societies, it was observed that the business of 15 societies - 9 production societies and 4 service societies could have been improved with the provision of additional working capital to them.

(b) Lack of financial self-sufficiency: One major
deficiency noted with regard to the financial position of the societies in this district was lack of financial self-sufficiency. Self help made effective through mutual help, one of the main principles of co-operation had not been given effect to. As many as 12 societies or 30 per cent of them had the share capital participation from the Government. In 8 societies, the major portion of their share capital had been contributed by the Government of Tamil Nadu, which was as high as 92 per cent in the case of the metal workers’ society and 78 per cent in the case of the auto servicing society.

The government participation of course, is essential to improve the financial position of the societies in the initial stages. But this should not be a permanent phenomenon. Permanent Government participation will definitely spoil individuality and self-sufficiency of the societies. Capital contribution by the Government instead of being a supplementary source has become a major source. The members forget that it is their duty to contribute capital for their society. This tendency had been noticed in respect of many of the societies in the district. Of the forty societies surveyed only 10 societies had collected thrift deposits from their members regularly. Even amongst
the 12 societies in which Government had capital participation, 8 societies did not care to collect thrift deposits from their members. They also did not seem to bother about developing their financial self-sufficiency. This clearly shows that the Government participation in the capital of these societies had led to this important problem of financial self-sufficiency by its members.

As stated by Wolfgang Deters, such a financial help by the Government corrupts the principle of self help which is one of the basic principles of cooperation. The members will consider the co-operatives as an organisation of the state and will never consider it as an organisation of their own. In conformity with the above statement, the grant given to the tannery workers' society was treated by the society as an income and it was adjusted against expenditure incurred by it in order to reduce its loss. But such a tendency on the part of the societies will not generate the feeling

of involvement among members.

(c) Borrowing by the societies under the Khadi Board:

Societies under the Khadi Board used to get loans from the Tamil Nadu State Industrial Co-operative Bank. Six societies namely, the leather workers' society, the basket makers' society, the blacksmithy society and three carpentary workers' societies had raised loans to the extent of Rs. 65,631/- from the Tamil Nadu State Industrial Co-operative Bank with interest at the rate of 14 per cent per annum. The societies did not avail themselves of loans from the Khadi and Village Industries Commission at concessional rates, due to the reported delay in sanctioning of loans and cumbersome procedure involved in sending the loan applications. The Commission had lent to the other societies under the control of the Tamil Nadu Khadi Board in this district up to Rs. 50,790. The Government of Tamil Nadu remained by far the dominant lending agency which provided loans up to Rs. 2,95,371. Such borrowing by the societies under the Khadi Board from the institutions like the Industrial Co-operative Bank, at a high rate of interest might have increased their loss.

(d) Excess establishment expenditure: Another
financial problem faced by some of the industrial co-operative societies in the district was excessive establishment expenditure incurred by them as analysed in Chapter-IV. Thus, the establishment expenditure incurred by the bakery society with 24.8 per cent of the cost of production and the electronic society with 27.6 per cent had been disproportionate. If only they had reduced this expenditure they could have reduced their losses.

(c) Absence of the role of the Co-operative Bank and the Commercial Banks:

One notable deficiency in respect of financing of industrial co-operatives in Trichy District was the total absence of the role of the Co-operative Central Bank in financing them. Though the First Working Group on Industrial Co-operatives had strongly recommended a positive role of the Co-operative Central Bank in financing the industrial co-operatives, the Co-operative Central Bank of this district had not played any significant role towards this. The commercial banks had also neglected the industrial co-operatives in their lending operations. Though it was said, that with the

nationalisation, the security oriented lending was replaced by production oriented lending, none of the societies was financed by any of the commercial banks. But for the major role played by the Government in meeting the working capital requirements, many societies would have closed their business.

3. **PRODUCTION AND TECHNICAL PROBLEMS**

The societies faced a set of production and technical problems arising out of short supply of raw materials, lack of proper technical advice to the societies etc.

(a) **Raw materials supply:** The industrial co-operative societies should get their material requirements in right quantity, in right quality, in right time and at a right price. Otherwise their business is likely to be affected. The carpentry workers' societies and the bakery society were not able to get the required raw materials in right time and at right price. As the Government had not allotted the quota of maida for the bakery society, it had to buy this raw material from the open market at a higher price. This had increased its cost of production and consequent loss sustained by the society. Similarly, the Government did not give any preference to the carpentry workers' societies with regard to the supply of timber.
As a result of this, the societies had to purchase wood in the open market at an exorbitant price and actually this had increased the cost of production. The industries servicing society which was supplying coal to its members was not able to get the required quantity of coal because of the scarcity.

(b) Lack of maintenance of work shop and lack of guidance by experts:

The societies were not able to get proper technical guidance from the experts in respect of business undertaken by them. Especially the auto servicing society and the electronic society which were more technical in nature, were hard hit by this deficiency. Further, the auto servicing society which did not equip itself with the latest machineries and equipment, had to pay in the year 1977-78 alone a sum of Rs. 76,500/- for outside organisations by way of charges for the works executed by them, which it could not do by itself. The electronic society, because of lack of the latest technical knowledge on the part of the member- artisans, had produced outdated electronic equipment which could not be sold in the market thus resulting in the huge accumulation of its unsold stock causing heavy loss to the society.
(c) Untrained artisan-members: Another technical problem faced by the industrial co-operatives was lack of training for the member-artisans. None of the societies, both production societies as well as service societies had imparted any kind of training for its member-artisans. As a result of this, the members were totally unaware of the latest techniques in production. In some cases, they were even unable to learn the work in the initial stages. The bakery society, the electronic society, the auto servicing society, one of the tailoring societies, and two carpentry workers' societies were affected because of lack of training for their members. As the two carpentry workers' societies do not have even foremen, the members had to learn the work by themselves in the initial stages. So, this had a telling effect on their efficiency.

As the members of the bakery society did not have knowledge of baking, an outside male member was appointed as a baker. Similarly, the members of a tailoring society did not know the cutting work and so the work had to be entrusted by the society to an outside male worker. These two appointments were naturally objected to by the auditors since male workers had been posted in the societies meant
for women.

(d) Employment oriented production: Industrial co-operatives were started with a view to providing employment. But this necessitates production which in turn involves marketing and its concomitant financial problems. Industrial co-operatives in Trichy District were no exception to it. Such problems had been faced by some of the societies in this district. Analyzing the production pattern followed by the electronic society, it would be known clearly that the society had been producing some equipment only to provide employment to its members, without considering whether they would be sold in the market at a competitive price. As a result of this, it had piled up a huge stock of unsold equipment, manufactured by its members. The same was the position with regard to one of the carpentry workers' societies and the bakery society. The various items of furniture manufactured by the carpentry workers' society with a crude finish had to be disposed off in the market at a discount. Hence, the society had sustained a heavy loss. The bakery society also found it difficult to market its products on certain days. But yet it went on continuing production accumulating the unsold stock and thus adding
(e) High production cost: High production cost was another technical problem faced by the societies in Trichy District. This was only an outcome of lack of proper training to the members and lack of adoption of the latest technical knowledge by the workers. When the cost of production was high, the societies found it difficult to market their products amongst the competing private merchants and the goods remained unsold with them. The electronic society had faced this problem more than any other society. On account of high cost incurred by the members in the production of various equipment, it could not sell them in the market even at the cost price.

4. PROBLEM OF MARKETING

Of the forty societies covered, 4 societies - two tailoring societies, the auto servicing society, and the tannery workers' society - did not have any scope for marketing activity as they were purely service type of organisations. Thus, only 36 societies had the scope to undertake the marketing activities. Some of the commonly encountered marketing problems are as follows:
(a) Lack of initiative by the societies: The jaggery manufacturers' societies were expected to market jaggery manufactured by their members. But none of these societies undertook the task of marketing during the year 1975-76 and 1977-78. Even in the course of the remaining three years of study, only three societies were engaged in the marketing activities and the other societies were simply acting as agencies for enabling their members to get licences from the Government to tap 'neera' from palmyrah trees. The members tapped neera, manufactured jaggery and disposed off their products individually either to the coles depot run by the Khadi Board or to the District Palm Gur Federation or in the open market independent of the societies.

(b) Competition from private merchants: Another common marketing problem faced by the industrial co-operatives in this district was the acute competition they had to face from the private producers and private merchants who were hostile towards these co-operatives. This acute competition and hostile attitude of the private organisations had affected the tailoring societies more than any other industrial co-operatives. While the prevailing outside rate was Rs. 5/- for stitching a cotton
pant and Rs. 3/- for stitching a cotton shirt, the private organisations, on a common understanding, had been quoting much lower rates. The difference in rates was made good by manipulating the measurement, which the co-operative societies could not do. Thus, such manipulations by private tailoring organisations had affected the business of the co-operatives.

(c) **Lack of advertisement:** None of the societies in the district had taken steps to advertise their products or services. This was a major lapse on the part of the societies which had affected the marketability of their products or services.

(d) **Lack of Godown facilities:** Another deficiency in respect of the societies was that out of 36 societies which were engaged in the marketing activities, only 9 societies had godown facilities and other societies were simply disposing off their goods as and when they were produced or as and when they were procured. This situation sometimes went against the interests of the societies since they got a lower price for their goods in the market because of the forced sale. If they had
godown facilities they could have got better prices for their goods by stocking them in the godowns and selling them at the appropriate time. Further, as two of the carpentry workers' societies did not have godown facilities, they had to stock the manufactured items of furniture under the thatched roof and they were exposed to the vagaries of rain and sun.

(e) Lack of Government preference: Government of Tamil Nadu had instructed its officers to give purchase and price preference for the products of the industrial co-operative societies whenever materials were procured by the Government departments. As per the instruction, the departments could purchase materials from the societies even at a price which was 6 per cent higher than the lowest rate quoted by the private merchants. But, it was reported that this had not been given effect to in practice. If only this had been implemented strictly, the tailoring societies in Trichy district could have got the patronage from the Government owned transport corporation for stitching dresses for its employees. This could have provided a good business for these societies.

Similarly, if the blacksmithy society engaged
in the production of cattle shoes and nails, had got the patronage from all the municipalities and corporations in the State, its business could have increased considerably by supplying the materials to the bullocks maintained by the local bodies. Thus, the preference that should be given to industrial co-operative societies had not been given in actual practice and hence they had to face the problem of marketing their products.

(f) Lack of standardisation: It should also be accepted that due to non-application of the latest production techniques the quality of goods manufactured by the societies was not up to the standard. Naturally, the electronic society, the bakery society and one of the carpentry workers' societies were affected due to this deficiency. Further, none of the societies applied the principle of standardisation in the production process which was a great hurdle in marketing the products of all the societies.

(g) Lack of co-operation between the co-operatives: The degree of the marketing problem could have been reduced in respect of some of the production societies if only there had been proper co-operation between the different co-operative organisations working in this area.
There are two departmental stores run by two different co-operative organisations namely: (1) Trichirapalli District Co-operative Supply and Marketing Society and (2) Trichirapalli Co-operative Wholesale Stores. By proper co-ordination all the production societies could sell their goods through these organisations. But this had not taken place and this clearly shows that the co-operative societies themselves did not have proper co-operation amongst themselves.

(h) Absence of Federal organisations: One apparent deficiency observed in respect of the industrial co-operative societies in this district was the absence of a federal organisation for any type of societies. Except the jaggery manufacturers' societies which had the Trichirapalli District Jaggery Federation, other types of societies did not have any federation to help them. However, the banian manufacturing society had an agreement with the Police Department to supply its entire products to it, two oil producers' societies had agreements to market their products through the sales depot run under the control of the Khadi and Village Industries Board. Two bee-keepers' societies, two of
the jaggery manufacturers' societies and the carpet society had also similar agreements with the Khadi Board to market their products through its depot. Apart from helping the societies to market their products, the federal organisation and the sales depot of the Khadi Board, were indicating the consumers' preferences and so the societies were able to produce marketable goods. Because of the absence of such federal organisations other societies were not able to know the consumers' preferences and, therefore, could not produce goods as per the taste of the consumers.

5. MANAGERIAL PROBLEMS

The following managerial problems also affected the industrial co-operative societies in Trichy district:

(a) Non-implementation of the General Body decisions:
Managerial problems sometimes arise on account of acts of omission on the part of the members of the Board and the officers of the societies as happened in the basket makers' society in the district. Some of the decisions taken in the General Body meeting of the basket makers' society, were not implemented by the office-bearers of the society which created misunderstanding between the
members of the society and the officer-bearers. This had led to the non-co-operation of members and the society remained functionless for three months as a unique case.

(b) **Lack of leadership**: Lack of leadership had also created managerial problems to the societies. It was observed that some of the industrial co-operatives in the district lacked dedicated and dynamic leaders. It was observed that the bakery society, the electronic society, the auto servicing society and three of the jaggery manufacturers' societies could not work successfully on account of lack of dynamic leadership to guide them properly. The inefficiency in respect of the first three societies may be attributed to the absence of dynamic leadership, and the failure of the three jaggery manufacturers' societies in providing employment to their members, was also due to this deficiency. As the presidents of these three jaggery manufacturers' societies were away without responsibility for about three months when the Government was issuing licences to the members to tap neera, the members of those societies due to their ignorance and lack of leadership could not get licence from the Government and could not tap neera during that year.
(c) **Auditing of the societies:** It was reported by many of the societies that the pattern of audit posed a great problem to them. The audit work as such was undertaken by the officers of the Co-operative Department. The officers are generally very rigid in applying the rules and this rigidity had affected many of the societies. The auditors had objected to paying advance to the members of gem cutters' societies and hence many members of these societies had joined the private gem cutters deserting the societies. Similarly, the brick workers' society had earned a gross profit of Rs. 1,37,063 in the year 1977-78; but the net position arrived at by the auditors was a loss to the tune of Rs. 1,042. This was due to the creation of a reserve to the extent of Rs. 27,000 against an amount pending payment for the past two years from a sound customer. Though the officers of the society had indicated the real position to the auditors, they were rigid in creating the reserve. This rigidity had affected the initiative of the members of the society.

(d) **Chief executives:** Of the forty societies studied, twenty societies did not have secretaries at all and two societies namely, the bakery society and one
of the tailoring societies were managed by the "in charge secretaries." The fourteen jaggery manufacturers' societies neither required the services of full time secretaries nor did they have any part-time secretaries to help them. The day-to-day administration of such societies were attended to by the presidents themselves. The effect of the absence of even part-time secretaries was observed in these societies since none of them had undertaken marketing activities during the year 1977-78. The two bee-keepers' societies did not require full time secretaries as they were able to manage their affairs with the help of Bee-Fieldmen. Remaining four societies namely, the tannery workers' society, the basket makers' society, and two oil producers' societies would have improved their business had they commanded the services of qualified personnel. These societies were not managed properly and were sustaining losses due to lack of proper control and guidance.

As regards the qualifications of the secretaries of the societies, they had only general educational qualifications and none of them was a technically qualified man.

---

x. In-charge secretaries: Secretaries of other societies having additional charge of managing the societies temporarily.
It did not affect those societies which did not have any complicated and highly technical process in their production. But in the case of the electronic society which was completely technical in nature, the secretaries appointed in it, found it difficult to follow the production techniques adopted by the members and could not prevent the procurement of even unnecessary materials. The society did not even have a foreman to assist the secretary. The effect of the non-technical secretary was felt by the auto servicing society also. Both the societies had been sustaining losses over since they were formed.

(c) *Ineffective Boards*; It may be noted that 40 per cent of the societies never convened the Board Meetings in all the five years of study. Even in respect of convening of General Body Meetings only 55 per cent of the societies were regular; 3 societies or 7.5 per cent of them namely, two bee-keepers’ societies and a gem cutters’ societies, did not hold the General Body Meetings in the course of the entire study period. Apart from these three societies, seven more societies or 17.5 per cent of them did not convene the General Body Meeting during 1977-78, though sub-section (2) to
Section 26 of the Tamil Nadu Co-operative Societies Act, 1961 has stipulated that every society should hold at least one General Body Meeting every year for considering of the audit report, to approve the budget and to consider other matters.

(f) Disinterested members of the societies: Even in respect of societies which were holding the General Body Meetings regularly the attendance of the members in the meetings had been far from satisfactory. The attendance in the majority of them was poor with only less than 50 per cent. This lapse on the part of the members had led to the ineffective control and inefficient management of the societies. It was reported that the president of one of the societies was running a business similar to the one carried on by the society in the same area of operation of the society, and hence did not evince much interest in developing the business of the society. As the members of that society were not interested in its management he was able to get his men elected as members of the Board and thereby he was able to become the president of the society at the cost of the interests of the members.

(g) Target achievement: Only 30 per cent of the
societies in the district had reported that they were able to achieve the target fixed for their operations. 35 per cent of the societies did not fix the target at all and the other 35 per cent of the societies had reported that they could not reach the target as it was fixed only by their controlling authorities. Though the fixation of targets was done on the basis of the reports sent by the societies, local conditions and the opinion of the societies concerned were not taken into account.

6. **HUMAN AND SOCIAL PROBLEMS**

These problems had been faced by the societies on account of illiteracy, lack of co-operative education, selfishness of the members and also due to the absence of co-operative spirit among the members of the societies. Poor economic conditions of the members and the rigid rules framed by the societies had also sometimes lead to such problems. Thus, the problems are:

(a) **Lack of literacy**: Lack of literacy and co-operative education affected all the jaggery manufacturers' societies. The average literacy of the members of the jaggery societies was less than that of the members of
other types of societies. This evidently affected their working. As stated earlier, when the presidents of three jaggery societies were away for three months when the Government was issuing licence to the members to tap neera, the members were unaware of the fact that they could contact the officer concerned in the office of the Khadi Board to get licences, and as a result nobody in those societies could get licence to tap neera during that year. Similarly, another jaggery manufacturers' society had elected its president in the General Body meeting, which according to the Act should be done only in the Board Meeting. The societies faced such problems only on account of illiteracy and lack of co-operative education amongst the members.

(b) **Lack of co-operative spirit:** Self help made effective through mutual help is one of the principles of co-operation. According to that principle every member of the society should work for the benefit of all the members. But this spirit was lacking amongst the members of the societies in Trichy District. The members of the electronic society, for instance, had joined the society with good spirit in the beginning, but had deserted the society after learning the work from the society.
Similarly, one of the members of the taxi and auto rickshaw drivers' society who had purchased a vehicle on hire purchase basis from the society had effected an unauthorised sale of the vehicle with one of his friends. This fact came to the notice of the society when the instalments were not paid regularly. So, the society had to take action against that member to seize the vehicle from him. This is a case of dishonesty and lack of co-operative spirit.

(c) **Rigid rules:** Two of the members of the taxi and auto rickshaw drivers' society could not take delivery of the vehicles allotted to them because of the rigid rules of the society and due to their poor economic conditions. As per the bye-laws of the society, vehicles could be released to the members only on their getting surety from a person owning immovable properties. These two members because of their poor economic conditions could not get any person with immovable property to stand as surety for them and hence they could not get the vehicles from the society.

(d) **Lack of loyalty from members:** Loyalty is one of the basic concepts of the movement. Industrial co-operatives are formed to help the members by providing
employment and services to them. The members are expected to serve the societies and be served by them. So every member is expected to be loyal to the society. But the members are loyal towards the society so long as they do not find employment outside. They are completely indifferent towards it under normal circumstances. The electronic society and two gem cutters' societies faced the problem of this nature.

The electronic society was formed to provide job for unemployed technicians. They were loyal towards the society in the beginning. Having learnt the work from the society, it was reported that they started their own business separately deserting the society. As a result, the society was left with only 6 active members in 1977-78. Two of the gem cutters' societies similarly were started to provide job for 50 bonded labourers released from private gem cutters. They were loyal towards the societies in the first two years. As there was no provision for the societies to pay advance which they were demanding, the societies could not pay the amount. As a result, forty members of these societies as reported by these societies, had undertaken works from private gem cutters who had paid advance to them and with whom they were working formerly.
(e) **Disparity in income:** Disparity in income between the members and the supervisory staff is another problem faced by the societies. This problem arises only due to psychological reasons. Even the electronic society and the auto servicing society in which higher wage rate prevailed, the members were getting an annual average wage of Rs. 1,500 and Rs. 1,594 respectively, whereas the administrative officers controlling them were paid not less than Rs. 750 per month. This actually created some aversion on the part of members of the electronic society.

7. **MISCELLANEOUS PROBLEMS**

Apart from the above said problems faced by the societies in general, the industries servicing society, one of the oil producers' societies, the tannery workers' society and the jaggery manufacturers' societies faced some individual problems as explained below:

(a) **Industries servicing society:** It was reported by the industries servicing society that as per the present procedures followed by the Railway Department, the coal consigned by collieries to any party can be taken by the Railway Department in times of shortage faced by it,
end the compensation will be paid in money. This had affected the working of the industries servicing society since it was not able to supply coal to its members as per its schedule, whenever the Railway Department had taken the consignment for its own consumption. Further, the society had also reported that it had to face inordinate delay in realising the compensation from the Railway Department.

Secondly, the coal on transit is insured as reported by the industrial servicing society, by the insurance companies only if it is booked at the risk of the Railway Department. As, there was no scope according to the existing provisions, to consign coal at the risk of the Railway Department, the wagons were booked by the collieries only at the risk of the consignee. Hence there was no possibility for them to insure the coal consigned, against any damage. The society had lost one wagon of coal due to fire and sustained heavy loss on account of this.

(b) Oil producers’ societies: The administrative mistakes committed by the Board of Directors of one of the oil producers’ societies had made the society ineffective.
The reserve amount and the working capital amount of the society had been utilised by the society for construction of a godown for its use and for installation of a power ghanji without proper permission from its controlling authority, namely Khadi Board. Hence, it did not have sufficient working capital to carry on its business activities and as a result it had been sustaining losses in the last two years of study.

(c) Tannery Workers’ Society: The problem faced by the tannery workers’ society was purely internal and it had caused a heavy loss to the society. Though it was purely a service society at the time of the study, in 1968 it started installing a production plant in a nearby village by extending its area of operation with Rs. 200,000 of capital contributed by the Government of Tamil Nadu - Rupees one lakh by way of loan and Rupees one lakh by way of grant - and with its resources to the tune of Rs. 35,000, for manufacturing foot-wear. Even after the installation work was over, due to differences of opinion among the members of the board, the production could not be commenced. All the machineries were kept unused. The Government went on charging interest on its loan and depreciation on unused machineries. The deadlock continued
causing heavy loss to the society.

(d) Jaggery manufacturers' societies: The jaggery manufacturers' societies faced problems on account of a change in the policy of the Government of Tamil Nadu. Till 1977, the Government was paying compensation to the extent of Rs. 1,000 to the family members of a licensed toddy tapper through the society in which he was a member, on his death due to accident while tapping neera. Smaller amount of compensation was also paid for injuries sustained on account of such accidents, according to the nature of the injury. In 1977, the scheme was modified so as to pay a compensation of Rs. 5,000 on the death of a licensed toddy tapper due to such accidents and no compensation was permissible as per the new scheme for any injury caused to the members. This affected the interest of many of the members of the jaggery manufacturers' societies.

Conclusion: Thus, the problems faced by industrial co-operative units in Trichy District cover a wide spectrum of planning, organisation, finance, management,
marketing and personnel. There is considerable scope for improvement. Unless these problems of each unit are attended to, they would continue to face extinction, causing loss of faith in industrial co-operatives. It is high time, the Government takes the initiative to tackle these problems scientifically.