CHAPTER II

REVIEW OF LITERATURE

2.1 The problem of management of industrial co-operatives has been a fascinating subject for scholars all over the world. Even though a large body of literature on industrial co-operatives in general is available, women's industrial co-operatives are by and large an unexplored area of study. This may be due to the fact that women's industrial co-operative movement gained momentum only since 1975, the International Women's Year. Most of the earlier studies have tried to focus mainly on problems faced by co-operative societies and their progress on the whole.

2.2 Data apropos of the trends in co-operative movement and industrial co-operatives are available from the Reserve Bank of India's annual publication relating to co-operative movement in India too.

2.3 M. Mohandas\(^1\) discusses the main problems of women's industrial co-operatives in Kerala. According to him the major problems are poor membership, inadequate co-operative education, poor capital base, uneconomic scale of operations, lack of diversification,
absence of adequate marketing channels, difficulties in input procurement, absence of linkages and low income.

2.4 Mathew George's\(^2\) study of Handloom industry in Kerala revealed that under-production, under-employment and accumulation of stock were the main problems of these industries.

2.5 Hema Natarajan\(^3\) points out the important impediments to the progress of women's co-operatives. They are illiteracy, conservatism, lack of technical guidance, marketing problems, financial problems, lack of skilled workers, traditional disparities etc.

2.6 Dr. Vijaya Chandra Pillai\(^4\) conducted a study on coir co-operatives in Kerala. He evaluated their performance by laying emphasis on primary and manufacturing units. Analysis was done with the help of five variables, namely, growth of number of societies and membership, annual husk procurement per worker, percentage of worker members, annual production per worker and annual wages paid per worker. This study concluded that the performance of both primary and manufacturing societies in Kerala is not effective.

2.7 Dr. Seema\(^5\) is of the opinion that the position of women's industrial co-operatives in Kerala is not satisfactory. Out of 305 women's co-operatives, only 39 make profit. After an analysis of the reasons
she concludes that they would become profitable only if they freed
themselves from the clutches of traditional methods and adopted
modern technology. She also emphasized the need for co-operative
education and training among women.

2.8 The success story of a handloom weaver’s co-operative society in
Kerala is highlighted by Surendranath. It is one of the leading
exporters of cotton handloom and now has diversified its activities
into silk weaving. Fifty percent of the workers of this society are
women. During 1998–99, the society carried out direct export of 80
percent of its production and showed an increase of 20 percent in
profit over the previous year.

2.9 According to Mukul Banerjee the spirit of co-operation essentially
stems from home. All the objectives and functions covered by
coopératives have a direct bearing on the well-being of home and
society. However, women’s organizations have evinced interest
mainly in the welfare of women and children. She is of the opinion
that co-operation offers them the best way of coming into their own
and taking their places as equals of men in society.

2.10 A study of industrial co-operatives by S.C. Mehta covers the
progress, profile and operation of industrial co-operatives.
2.11 Nikham\(^9\) analysed the financial strength of sugar co-operatives with the help of ratio analysis. He measured the long term and short-term financial strength of four sugar factories in Aurangabad District. He concluded that Debt Equity Ratio displayed high-geared capital structure and net worth ratio support that these societies were relying more on borrowed funds for development and expansion programme. They have very little self-financing programmes of their own.

2.12 Choubey\(^{10}\) studied the problems and prospects of weavers co-operatives in Bihar by examining both functioning and dormant primary societies. According to him Societies were started mainly with the intention of obtaining government rebate and other government incentives. He catalogued the major problems of these co-operatives as organization, management, supervision, finance and auditing, education and training, and marketing. He recommended the organization of a research cell for developing the improved methods of production and sales promotion facilities. He also proposed the establishment of a separate wing in the Central Co-operative Bank for providing financial assistance to these Societies.

2.13 An analysis of dormancy of industrial co-operatives showed that 50 percent of industrial co-operatives, other than weaver’s co-operatives, are dormant in the country\(^{11}\). The reasons can be
traced to non-availability of timely credit facilities, lack of managerial expertise, inadequate marketing support and insufficient training to create committed workers.

2.14 Rajwant Sandhu argued that even though the number of women's industrial co-operatives has increased, participation of women in them is restricted to mere membership. They do not actively participate in the management of these Societies. The author traces the reason for low participation to restricted co-operative coverage in agricultural sector, disinclination to take risks, inadequate guidance facilities and managerial skills.

2.15 T.S. Rukmayi narrates the success stories of women's industrial co-operatives which were formed as ancillary units of public sector undertakings. She provides that there is vast scope for women in organizing additional industrial co-operatives. She also made an attempt to identify the feasible areas for the setting up of women's industrial co-operatives.

2.16 As regards the organization of industrial co-operatives, Sami Uddin and Mahfoozur Rahman observed that industrial co-operatives were only one man shows and that the remaining members were mere dummies. Many joined these Societies to take advantage of government subsidies, tax concessions and other facilities.
According to the authors these Societies were dominated by erstwhile entrepreneurs and sympathiser members who were motivated by self-interest rather than the interest of the general membership. The authors also have the opinion that there is immense scope in government-run rehabilitation homes to organize women’s co-operatives and to sell their products through supermarkets. According to them all that is needed is a little imagination - a commitment to identifying the productive skills of women, and training them in a particular skill. They stressed that to enlighten women in co-operation and co-operative methods, a deliberated and widespread co-operative education programme for women should be formulated by National Co-operative Union of India.

2.17 Gangadhar and Raji Reddy\textsuperscript{15} in their study on ‘Working of Warrangal Carpet Industrial Co-operative Society’ observed that marketing was the major problem of the Society. They recommended that government purchases from these Societies will help them to solve the problem of marketing and working capital.

2.18 Gopalan and Doraiswamy\textsuperscript{16} made an empirical study on production and marketing of handloom goods by weaver’s co-operatives in Tamil Nadu. They analysed the marketing problems with the help of correlation and found that correlation between production and
marketing was very high. Hence they concluded that these Societies were free from marketing problems.

2.19 Trivedi and Rajendra Singh\textsuperscript{17} conducted a study to identify the various operational, managerial and other related lacunae and problems of handloom industrial co-operative societies in Uttar Pradesh. In order to assess managerial efficiency they used the formula of related cost, i.e., the cost of management in relation to various items of capital structure. They identified the need for active participation of members, diversification of products, an efficient marketing system and a democratic and participative management.

2.20 Cavvery and Sudha Nayak\textsuperscript{18} studied the problems of industrial co-operatives in Tapioca processing sector and pointed out the need for organization of Tapioca processing industries in the co-operative sector. They point out that Tamil Nadu has a good record of successful industrial co-operatives in the field of production and marketing.

2.21 NISIET Institute,\textsuperscript{19} Hyderabad conducted a series of studies to analyse the working of some industrial co-operatives. Of them, one was on the working of Asif Nagar Family Welfare Industrial Co-operative which was set up for the benefit of women and widows of ex-soldiers. They pointed out that the major reasons for the
failure of the Society were excessive funded investment, inadequate control over members, operational inefficiency, financial incompetence, improper management of debtors and lack of interest on the part of members.

2.22 Another study was conducted to analyse the factors responsible for the successful working of Aluminum Workers Co-operative Society at Andhra Pradesh. The success of the society can be attributed to the introduction of better methods of production and better practices in the management which were later adopted even by the private sector units in the same trade.

2.23 The third study was on Tirupathy Brass and Copper Workers Industrial Co-operative Society. The study revealed that measures like judicious usage of resources, turning over of capital at sufficient velocity, supplementing the raw material requirements by buying scrap material in the open market together with a strong determination to increase working capital by ploughing back of profits had resulted in increasing its credit facilities, increasing turnover of the society and contributing to members' earning potential.

2.24 Their fourth study on the working of Thiruvallore Panchallor Coir Industrial Co-operative Society, Vazhamuttam revealed that the
major problems of this Society were shortage of working capital and stiff competition in the market. The authors were of the opinion that the remedy lay in strengthening of marketing efforts rather than in the provision of additional inputs of working capital.

2.25 D.S. Takur and D.C. Thakur made a study on co-operatives in Himachal Pradesh. Their purpose was to examine the progress of industrial co-operatives and to ascertain the constraints for future development. Progress was measured through analysing the increase in membership, paid up capital, working capital, assets, reserve fund, total sales etc. They also analysed the employment position from 1944–45 to 1982–83 among the office staff and workers. They found that the percentage of female office staff increased from zero in 1944–45 to 3.33 percent in 1982–83 and workers from 45.45 percent to 50 percent. They surmise that industrialization and co-operativisation can provide and boost remunerative employment and additional income to weaker sections.

2.26 Mahpatro analysed the problems of cotton handloom industry in India and found that exploitation of poor weavers by master weavers was the main dilemma of this industry. He recommended the need for organization of this industry on co-operative lines.
2.27 Bansal was of the opinion that like any other sphere of developmental activity, success in co-operative movements can be achieved only by the active support and involvement of women who constitute half of the country’s population. He recommended that special cells at state level should be created in the co-operative department to guide and assist women in organizing and running women’s co-operatives. He also suggested that women’s co-operatives should be exempted from audit fees for five years after registration. Similar concessions should be made available to them to promote their development.

2.28 Rai Singh identifies the potential areas of women’s involvement, namely, rural women’s artisan’s co-operatives, unorganized sector, organized sector and women’s ancillary co-operatives.

2.29 Kindo in his article proposes the strategy to be adopted in organizing Women’s Co-operatives, namely, provision of part-time or full-time activities to provide surplus income to the family, creation of employment opportunities and planning out income-generating activities for different segments of women. He considers that it would not be wrong to generalize that women are more individualistic than men and hence have a greater tendency to reject foreign ideas that are not in tune with conventional thought. He emphasizes the training and development of skills.
2.30 Bhuria points out the main reasons for the failure of women's industrial co-operatives. The reasons were illiteracy, inadequate financial support, lack of systematic marketing facilities, inadequate education and training facilities, social causes and lack of statistical data. He argued for the provision in the co-operative Act to reserve one/two seats for women in their management either by election or by co-option.

2.31 Ghuman and Anil Menga in their study on performance of sugar co-operatives in Punjab focused on management, financial performance and physical performance. Financial performance was analysed on the basis of share capital and Profit and Loss Account over a number of years. Physical performance was measured on the basis of various indicators such as sugar cane crushed, sugar production in quantity and value. They found that all the units studied were running at a loss.

2.32 Thanulingam and Guru Moorthy analysed the financial performance of 30 handloom co-operatives in Paranaakudi Town, Tamil Nadu with the help of accounting ratios. Their analysis revealed the deplorable financial performance and position and general conditions of handloom co-operatives in Tamil Nadu.
2.33 Dr. Rayudu\textsuperscript{28} conducted a study on industrial co-operatives in Andhra Pradesh. He analysed the financial performance, economic and organizational viability, contribution of Societies in terms of production, employment and earnings in addition to the role of the state in promoting them. He concludes that the position of industrial co-operatives in Andhra Pradesh is not satisfactory. Most of the industrial co-operatives have been functioning on losses continuously for several years. These Societies had been trading heavily on borrowed capital. He suggested that if the state government, the Co-operative Department, its office bearers and members make sincere efforts to improve the performance of these Societies, their operational efficiency and financial performance would be considerably enhanced.

2.34 Narayana Reddy and Omprakash\textsuperscript{29} in their study pointed out that industrial co-operatives should be encouraged as a solution for the problem of unemployment.

2.35 A grass root level study of dormancy of 83 industrial co-operatives in Tamil Nadu conducted by Chellappan\textsuperscript{30} found that the reasons for dormancy were interdependent, namely, absence of feasibility/project report, inadequate supervision, finance, raw material supply, marketing problems, disloyalty of chief executives, staff and members, vested interests of leadership, defective policies of
government, inefficient management and conflict among Board of Directors.

2.36 S. Sundararajan examined the stress management in co-operatives. According to him organizational, environmental and individual factors are responsible for stress. He also suggested remedial measures to reduce stress in order to improve the performance of executives.

2.37 In “Women and Co-operatives” it is pointed out that women have to be provided with sufficient role in the co-operative movement because the co-operative field covers a wide range of activities which directly or indirectly touch the womenfolk. It is suggested that women should be encouraged to form co-operatives for the preparation of embroidery articles, pickles, jam, readymade garments and other domestic articles.

2.38 Rudra Saibaba conducted a study on handloom industrial co-operatives in Andra Pradesh. He analysed the financial, organizational and marketing aspects. His examination also reveals the unsatisfactory position of handloom industrial co-operatives in Andra Pradesh. His overview is limited to the Warrangal district in Andra Pradesh.
2.39 As a solution to structural weaknesses of industrial co-operatives and their regional imbalances, M.M.Gandhi\textsuperscript{34} advocates the revitalization of co-operatives. He recommended the formulation of a new economic policy to strengthen their competitive power in an atmosphere of stability, security and freedom.

2.40 A.K.Roy\textsuperscript{35} in his article pointed out the need for creating a congenial atmosphere for promoting effective women participation in the co-operative sector. He suggests that women can contribute in the co-operative sector as members, as elected directors, as beneficiaries and as employees. He also emphasized the need for developing legal, educational, financial and organizational strategies in order to ensure women participation.

2.41 R.Alamelumangai\textsuperscript{36} pointed out that 48 percent of primary co-operatives are non-viable. She is of the opinion that only re-organisation can reduce the rate of non-viability among co-operatives.

2.42 Professionalisation of management in industrial co-operatives is stressed by Dr. Hessam Hedayath\textsuperscript{37}. The author points out that if co-operatives are to become profitable and successful, the managers of co-operatives must become proficient and adopt modern techniques of management. They should appoint professional
managers at each level of management with a view to professionalise the entire managerial cadre and process.

2.43 Dr. P. Loganathan and Dr. A. Paul Selvaraj\textsuperscript{18} made an attempt to examine whether management of co-operatives by Special Officers or by elected Board of Directors is more beneficial. They scrutinised seven functional areas and discovered that in five out of seven areas, the performance of Societies under the management of Board of Directors is better than management by Special Officers.

2.44 Dr. K.N. Ramanujan\textsuperscript{19} points out that out of 3 lakhs co-operative societies in India with a membership of 70 million, societies exclusively for women are only 10,000. In other words they are only 1.37 percent of total co-operatives and 2.5 percent of total membership in the country.

2.45 Dr. A.P. Dash and Dr. Basanta Kumar\textsuperscript{40} made an analysis of village industrial co-operatives in Orissa. They found that dormancy rate is very high in India. It varies between 20 percent in Tamil Nadu and 74 percent in Assam. The reason for this high rate of dormancy can be traced to illiteracy, lack of leadership, weak financial base, inadequate and untimely credit, non-availability of raw materials and poor marketing support.
2.46 Dr. P. V. Thomas\(^4\) pointed out that if there is a definite policy to promote viable Societies in terms of functions and operations, it is more feasible to withdraw share capital assistance by government in a phased manner. This is on account of the fact that share capital assistance has made these Societies over dependent and weak. He stressed the need for re-structuring of industrial co-operatives. They would be able to face the challenges of open-market economy only by improving their viability, efficiency and professional skills. He recommended the formation of a structural federation of Societies in order to enjoy the benefits of centralized purchases and sales.

2.47 G.S. Kamat\(^4\) suggested the need for re-structuring of Indian co-operatives. According to him, the need for consolidation of co-operatives through amalgamation and mergers of co-operative organizations will have to be recognized. Barriers to consolidation have to be tackled through the process of education and legal support which would help to attain the economies of large scale production and the adoption of modern technology.

2.48 J.M. Rana\(^4\) noticed that industrial co-operatives offer a viable alternative to other forms of industrial organizations because they provide income-generating opportunities for both men and women. They can make considerable contributions to the provision of industrial products as well as reduce migration to cities.
2.49 The article "Professionalisation of Co-operative Management" stressed the essential traits required to manage people in a business. Here the author\textsuperscript{44} highlighted the essence and need for professional management in industrial co-operatives because organisational development depends much upon professionalisation.

2.50 The role and relationship of stakeholders of co-operatives in the wake of liberalization, privatization and globalisation of Indian economy is evaluated by Dr. P.K. Dubhashi\textsuperscript{45}. The author points out that in order to face these challenges, the co-operative enterprise would have to become self-reliant and self-supporting as well as learn to function in a competitive market economy.

2.51 D.P. Neb\textsuperscript{46} is of the opinion that active participation of members is essential for the success of co-operative organizations. He mentioned the various levels of member participation and the ways to achieve them. These include the opportunity to participate, grievance handling mechanism, focus groups and monitoring.

2.52 Dr. B. Ramesh and M.R. Patil\textsuperscript{47} made an attempt to incorporate and analyse the various analytical tools and techniques used to study the different aspects of industrial co-operatives in India from 1972-1998. Their analysis showed that majority of the research studies under survey were predominantly narrative and explanatory in nature.
Apart from this analytical tools and techniques were not made adequate use of.

2.53 In a report of regional conferences on the role of women in co-operative development it is pointed out that even though women are active in most co-operatives, they have not been given adequate representation in the management in proportion to their contribution. It is pointed out that the greatest obstacles to women’s participation are lack of education in co-operative principles and practices and inadequate technical assistance for undertaking projects which involve high risk. As a remedial measure the Conference suggested adequate representation, effecting necessary changes in the legislation, provision of technical assistance and appointment of women in professional, managerial and administrative posts.

2.54 M.D.Cruz made an attempt to analyse women’s co-operative activities in different regions of the world. She found that certain factors like illiteracy, unemployment and underemployment are common to all countries. Women’s co-operatives can contribute a lot towards solving this problem. She also pointed out that women’s co-operatives can be successful only if proper education and training in general, and management in particular should be provided.
2.55 At a top level leaders conference on enhancing co-operative capability, it was argued that faulty management is the main reason for the failure of co-operative movement. Co-operative organization can grow and improve its services through professionally competent management. This can be achieved by the establishment of comprehensive personal policies covering recruitment, job training, salary structure and career development opportunities.

2.56 Abell and Mahoney examined the performance of small-scale industrial co-operatives in India, Peru, Indonesia and Senegal. Their study identified the shortage of capital and inefficient management as the major problems of the industrial co-operatives.

2.57 The performance of industrial co-operatives in U.K. is examined by Chris Conforth. The formation, survival, development, organization and management of the units are analysed in the study. The work reveals that at the time of formation, these societies are characterized by under-capitalization and they cannot attract skilled and efficient workers. This had adversely affected their growth and survival.

2.58 Malcom Harper is of the view that the success or failure of the industrial co-operatives depends not on outside advisors, trainers or staff of apex level institutions and federation, but on members who
will have to pay the penalty of failure and who will enjoy the benefits of success.

2.59 B.S. Viswanathan\textsuperscript{54} in his speech called attention to the fact that even though Rs.7,10,000 million is invested in co-operatives having a membership of 160 million, co-operatives can effectively function in a market-oriented economy only if they adopt a multi-pronged strategy. This includes structural adjustments, attitude of members, enterprise level action plan, orientation of the role of national level co-operative organisations and the government. He emphasized the need for strengthening their professional and managerial base. He recommended that the action plan of co-operatives should include development of professionalism and efficiency, adoption of modern technology, building up intra and inter co-operative relationship, increased participation of members and mobilization of resources.

2.60 Raija It Konen\textsuperscript{55} identified the reasons for poor representation of women at decision making level of co-operatives as: (i) predominantly male culture of management (ii) the continuing current effect of past discrimination and (iii) lack of recognition of actual and potential contribution of women to economic development.
2.61 Kazine Apelquist\textsuperscript{56} pointed out that there is a considerable difference between the theoretical and practical aspects of women's situation in co-operatives. She mentioned that the theoretical aspects are based on values and principles of 150 years standing while practical aspects of women's situation in co-operatives are based on limited statistical examples from countries. With the help of statistical figures she proved that women constitute an alarming minority in co-operatives. According to her, the present co-operative order is based on male values, norms and priorities. She hopes that through integrating women's values, skills and experience in the application of co-operative concept, a new society can be developed, where mutual concern and economic and social security prevail.

2.62 It is evident that the studies on co-operative movement are rather generalized. There is the absence of a sharp focus in studies on industrial co-operatives. As far as women's industrial co-operatives are concerned, literature is not only scarce but peripheral too. Hence, it is hoped that the study will fill these lacunae to a good extent and be an eye opener to entrepreneurs, planners, co-operators, the government and others.

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