

Cooperative Development:
The Next Phase

K.K. Taimni

ICA DOMUS TRUST, NEW DELHI

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**Cooperative Development:
The Next Phase**
by K.K. Taimni

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The **ICA DOMUS TRUST** has been established in the memory of the late Dr. Mauritz Bonow of Sweden, former President of the International Cooperative Alliance.

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To My Mother

Mrs. Tara Taimni
(1913-1989)

Foreword

This study should be seen against the background of the history of co-operatives in India. Krishan Taimni is in an eminently good position to review the different stages of this development, having been associated with co-operatives for a long time, mainly as an educator and trainer. He puts his finger on the weaknesses of the co-operatives and their structures in his country, but at the same time outlines strategies and scenarios for their further development. Co-operatives are facing major challenges and have to change if they are to become real instruments of their members in their endeavours to improve their economic and social situation through mutual self-help. Big tasks are lying ahead for all those responsible for the development of genuine co-operative societies. This study lists the things which need to be done to achieve this goal.

In India, the Government has always played a dominating role vis-a-vis the co-operatives and their organisations. This was not always for the best of their evolution as autonomous and self-managed institutions. While under the prevailing conditions assistance and help might have been unavoidable and indeed welcome and necessary, the active involvement of the state and its administration in co-operative development may to a certain extent have been a reason for the frequent alienation of the members from their societies. These and many other important issues are discussed in the present book. Several case studies illustrate the problems faced by co-operatives but show also the solutions which have been found to overcome them.

The chapter on productivity and technology transfer in the co-operative context raises questions of particular importance since the efficiency and effectiveness with which co-operatives work for the benefit of their members will eventually determine their fate.

All in all, the book has been written on the basis of an intimate knowledge of the Indian co-operative scene. It is the result of a long professional association with the building up a co-operative structure. It contains certainly many lessons of the "do's" and "don'ts" for anyone who is concerned with developing genuine co-operatives. As already in

his book "Managing the Co-operative Enterprise", he puts the human resources development aspect into the centre of his preoccupations. Taimni has very successfully worked with the ILO programme Materials and Techniques for Co-operative Management Training (MATCOM) in India and elsewhere and also served in an expert capacity in an ILO co-operative management project in Indonesia.

Geneva

Jurgen von Muralt

Preface

Rapid change has now become a familiar context. Organisations, no less than individuals, which fail to anticipate and prepare for change, inevitably get caught in its aftermath, and then face some unbearable consequences.

Recent changes in Europe culminating in the widespread acceptance of the market economy, values of liberal democracy, need for environmental protection and less interventionary role of the state, are all bound to effect how organizations are managed, or, how individuals come to seek and pursue their goals. Co-operatives will not and cannot escape from the effects of these winds of change.

The phenomenon of privatisation almost certainly portends abandoning of the hitherto cherished concept of state-controlled institutions, as the harbingers of a welfare society. What will be the place and role of co-operatives in such a scenario, is the kind of questions that need now to be addressed.

Even as it is, co-operatives have had, thanks to meddlesome state apparatus, to suffer a series of set-backs in recent years, resulting in loss of credibility. And now that the world is bending backwards to turn to free market economy, co-operatives do indeed face formidable challenges in this last decade of the Twentieth Century.

Here is thus an attempt, which shows how these challenges can be effectively met by co-operatives.

I am grateful indeed to Dr. Jurgen von Muralt, Director, Enterprise Development and Co-operatives Department, International Labour Office, Geneva, for acceding to my request to write the foreword, despite his various pre-occupations and busy schedule.

I am thankful to Mr. G.K. Sharma, ICA Regional Director for Asia and the Pacific, for supporting the publication of this material through the ICA DOMUS TRUST. My special thanks are also due to Mr. Daman Prakash of the ICA Regional Office for facilitating the production of this book despite his deep involvement in the activities of the ICA ROAP.

Krishan K. Taimni

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PART - I

The New Paradigm

CHAPTER I

Introduction

The eighties witnessed cataclysm changes of historical significance. Even as old ideologies, values and perceptions came under attack in some parts of the world, new ideologies, values and perceptions are emerging. Some talk in terms of end of history, meaning thereby that here- in-after only liberal democracy, open market economy and private initiative will be the ethos of the ruling elites everywhere. Others, however, talk of polarization in the society, albeit, within the framework of liberal democracy and open market, between individualism and efficiency on the one hand, and compassion and sharing, on the other.

Privatization, no doubt, will attract more adherents, so will those who ask for efficient use of resources, environmental protection, energy saving, and a less - interventionary state apparatus.

Where will all this leave co-operatives in India, already amidst a crisis of credibility and facing growing irrelevance?

Indicators of their performance, accompanied by rapidly eroding social relevance in the contemporary context, in any case, warrant an objective appraisal of the role and place of co-operatives and the nature of thrust for their future development.

Indifference towards poverty

Undoubtedly, unwieldy nature of their expansion, uneven growth in different parts of the country, structural mal-formation, weak and non-viable base at the primary / village level, in-roads made by the vested interests into their working, heavy dependence on the government and its administrative apparatus, and above all their indifference towards poverty and exploitation, have all combined to gradually push co-operatives into a crisis situation.

The ideological underpinning to the working of a co-operative is provided by the Co-operative Principles, which in their normative connotation imply, that as a social and economic system, the co-operatives will stand for equitable sharing of benefits and costs, the primacy of man over capital, even a search for Utopia. Equity, social justice and self-help are the major concerns of co-operatives.

As an organization of the weak, particularly in the rural areas, a co-operative should build itself as a countervailing power against the well entrenched nexus of the money lender-trader-big farmer. It should help enhance its membership's "bargaining power" in the market place, and "claim-making power" viz-a-viz the state sponsored external delivery systems. It should closely integrate its operations and working with the on-farm as well as off-farm activities of its membership, so as to be in a position to render maximum economic benefits.

This is the basic ideology and the conceptual framework of the working and operations of a co-operative. And it is this, which makes it attractive for the development planner and the social thinker.

The country today boasts of a large number of co-operatives of all sizes and types, horizontally and vertically linked, apparently all attempting to create a more just social economic order. But what is the reality behind this massive facade?

Almost the entire population placed below the poverty line lives beyond the pale of co-operative fold. An impression in fact prevails in co-operative circles that co-operatives have hardly any role to play in combating poverty, or alleviating distress. The growth, expansion and development of co-operative have taken place only in those spheres which either directly benefit the better-off sections of the community, or do not appreciably disturb the existing social and economic structures.

Performance of primary co-operatives

The backbone of the rural co-operative structure is the credit disbursing, village-based primary agricultural service co-operative. A majority of these co-operatives are non-viable, non-performing units being primarily used as channels for the flow of institutional credit to large and medium farmers. Although these co-operatives are expected to function as a vital link between the external delivery systems and the rural community, as channels for diffusion and transfer of technology, and as agencies for supply of inputs, marketing of produce and generally, as modernizing institutions and devices for peoples' participation in the

economic development processes, yet apart from credit and fertilizer disbursing function, these co-operatives hardly provide any other effective service or play any other role, particularly for the benefit of the weaker sections of the community.

Even in so far as the credit is concerned, there is that gnawing phenomenon of overdues. The money lent to farmers is not repaid, The defaulters are often well-to do farmers. The primary agricultural marketing co-operatives which could have provided the vital linkage to the producer with the wider external markets, by and large do not undertake marketing. The various types of agricultural processing co-operatives of growers of sugarcane, cotton, and oilseeds, and milk farmers, have proved a boon but generally only to large and medium farmers, the poor are shun even here. The village artisans and handicrafts industrial co-operatives are gasping for the breath, housing co-operatives are usually organized by the rich, forest workers co-operatives are dominated by contractors, fisheries co-operatives generally shy away from rendering any real assistance to the fishermen, and other types of co-operatives hardly really matter. So this is the position at the field level.

At an other plane, self-reliance together with self-government and self-support are considered the vital planks on which co-operative ought to build themselves. But, in fact, their dependence on government and government sponsored bodies is almost total.

As an operational framework which encourages people to come together to work on the principle of self-help and mutual support, and thereby meet their common needs, co-operatives in India draw their sustenance from the classic Western concept of co-operation; self-reliance, democratic control and members' participation are the primary values that should provide the necessary underpinning to their activities and operations. But, in the context of development planning, the governments often come to view co-operatives essentially as instruments, to be used for implementing government policies and programmes. This is a concept which seems to have been derived from the centrally planned economies.

Confusion in roles

As is true of many other institutions in a mixed economy, considerable confusion has always surrounded the real role, place and function of co-operatives. What is however overlooked is, that co-operatives can effectively deliver the goods, even as instruments of the state, only when these are infused by values of self-help and mutual support, and display

sensitivity and concern for the weak and the poor, and above all, if these are self-reliant and autonomous.

During the last two decades or more, politicians of different hues have assumed effective control over larger co-operatives, over-shadowing, in the process, the hitherto powerful state bureaucracy. Politicians had earlier cried hoarse over the excessive control exercised by the state bureaucracy on co-operatives, and had been clamouring for de-officialization. Not to be out-smarted by such moves by the politicians, the state bureaucracy has been asking for depoliticisation. When it was realized that it would be difficult to unseat the politicians from the co-operatives, given their democratic labels and the overt non-official character of co-operatives, the bureaucracy changed its tune : now, it demands professionalization. But, who else, than the officials of the government would eventually occupy top managerial jobs in co-operatives, once the process of professionalization sets in? As was to be expected, in this tug-of-war between the politician and the state bureaucracy, membership at large does not figure. Such is the character and orientation of those, who lead and control co-operatives.

Undoubtedly, the crisis faced at present by co-operatives in the country is quite serious. The potential that they hold to bring about change continues largely to remain untapped.

There is thus an obvious and urgent need to give a fresh look to the approach to, and strategy for, development of co-operatives in a fast changing global scenario.

Next phase

Frequent reference to some sugar co-operatives in Maharashtra, and milk co-operative in Gujarat as examples of successful co-operatives have become a ritual - a cliché. And yet most observers have not discerned the message that these successful co-operatives convey : The success of some of these co-operatives above all, signifies the advent of the next phase in co-operative development.

The village-based, credit-disbursing, service-oriented, small-sized co-operatives had a role and a function in earlier stages of economic development in the country. The times have changed, so have expectations of the people, who now demand and expect that co-operatives take-up value-added activities, employ advanced technologies, display sensitivity towards them, integrate their operations and activities with needs of the members, but above all, directly help the individual member to increase his income.

This is the hard lesson which should now inform the strategy making for co-operative development.

Here is, therefore, an attempt to delineate the contour of such a strategy for co-operative development in the next phase. But, first let us trace the roots of the present crisis.

CHAPTER II

Roots of the Crisis

In the face of rapid erosion in their social relevance, co-operatives in India are slowly and yet inexorably zeroing towards a crisis situation. Widespread skepticism with regard to the effectiveness of co-operatives as agents of change prevails. Few sincerely believe in their ability to reach succour to the poor, and the fervour among their dwindling adherents is nearing exhaustion.

But only until the other day, these were expected to usher in a peaceful revolution, particularly in the rural areas.

In order to trace the roots of this crisis, one needs to go back to the origin of co-operatives in India, and the subsequent approaches adopted to nurture and sustain them.

The co-operatives were foisted on the Indian soil, primarily as one of the steps introduced by the bewildered British civil servants to mitigate the hardship of the debt-ridden ryots. It was essentially an administrative measure to buy peace, by providing facile credit in the rural areas. And co-operatives remained administrative in character, changes over the years, and in their social base notwithstanding. Was it all that surprising to read a remark in the 50's like this : India has no co-operative movement, only a government policy upon it.

Co-operatives have been compared to a plant which refuses to strike roots and is held high by both hands of the government.

Not until massive doses of credit were pumped into the village level co-operatives in late 1950's, did their character begin to undergo a change. The dominant village level elite, excited at the prospect of power and leverage, were quick to perceive the potential use of these co-operatives. The target-oriented administrative apparatus, pressed from

above, but devoid of any zeal or even understanding was only too willing to join hands with the elite, to let it dominate co-operatives, and harness these for its private benefits.

Changes

Thus, if the 50's saw the emergence of co-operatives as an extension of the official administrative apparatus, the 60's witnessed another significant, though a gradual shift. The local politician entered the fray and soon a nexus between the village elite and the government administrator took over the control of co-operatives, and it held complete sway over them for some years. In a way, it was inevitable, given the changes that were taking place, in the wider society.

The '60s was also the period, thanks to outlays in Five Year Plans, when co-operatives diversified to enter unfamiliar areas. The sugar co-operatives, spinning co-operatives and super bazaars, all proliferated and reached across the land. Inevitably, soon, an impressive super-structure of co-operatives supported by a widespread, though fragile, infrastructure at the base, emerged. It was also the time, when people talked of a co-operative sector - an alternative to frigid public sector and exploitive private sector. Nehru even talked of "convulsing India with co-operation". Dr. D. R. Gadgil dreamt of "co-operative commonwealth".

A host of committees, working groups and conferences had a heyday recommending co-operativization of activities in every conceivable sphere. They had, of course, not reckoned with the fast rising phenomenon of the time - the new breed of politician; to whom co-operatives were no more than 'vote banks' - a soft option to ensure success at the hustings. The administrator-rural elite nexus slowly gave way to this new politician; and with this change, the co-operatives entered the third and a crucial stage, in their evolution.

Whenever and wherever a new political group, or a party came into power, among the first actions, was the supersession of the boards of directors of larger co-operatives. The motive was no higher than ultimately to bring them within the control of its own by government appointed administrators cadres. Tamil Nadu did it, so did Madhya Pradesh and Andhra Pradesh and the rest.

While some politicians saw co-operatives merely as "vote banks", a few took them as "real banks" with one-way service : only withdrawals. Newspapers and popular magazines have by now exhausted themselves by filling page after page, describing how co-operatives had been mulcted by one politician or an other.

In essence, a co-operative is a participatory mechanism to harness strengths of people, particularly those who are in an exploited state, for their own benefit.

Thanks to lack of any effective social accountability, co-operatives have been gradually turning into clubs of affluent consumers, large land-holders and exploitive contractors.

Neglect of the poor

The poor are well beyond their pale. The only principle that distinguishes a co-operative from all other forms of organizations, is that of democratic control and members' participation in their management, operations and business. And it was this very principle that was usually curbed, every time a state co-operative law was amended. As in the wider political field, democracy in co-operatives (wherever it is allowed) has come to be equated with holding periodic elections; direct people's participation in any other form has, of course become a taboo.

Ideally, as indeed even situationally, co-operatives at the base level should be strong, self-reliant and effective. The vertical federal structure, if and where it exists, ought only to perform one function : to assist primary co-operatives to serve their members better. This is, or ought to have been the only purpose of the federal structure. But, we have turned the role of co-operatives upside down. It would seem that in India, the primary co-operatives exist to serve the federal structure. Centralisation, including imbalances in capital accumulation, in favour of higher level federal organisations, but above all staffing of senior positions in federal organisations by government officers, who are senior in hierarchy to those who occupy managerial (or even government supervisory positions) in the primaries, have all made the primary co-operatives look like subordinate offices of federal organisations.

In a way, the phenomenon of officialisation and later politicisation were inevitable in our context, that is the path through which people's organisations professing ideals of democracy and designed as agents of change, but conceived and delivered by the state bureaucracy, have to pass. The bureaucrats organised co-operatives in India, and the social leadership was expected to liberate them, democratise them, lead them and turn them into socio-economic institutions drawing their sustenance from people's participation and a mass base. Having played this role, the leadership was expected to yield place to professional management and genuine people's representatives. The politicians however found co-operatives of invaluable, at times, even critical help in promoting their private interests, and now do not want to abdicate.

Causes of crisis

The crisis that the co-operatives face to-day, in a way, is rooted in these historical factors.

They thus find themselves in a bind, and are unable to grow to a stage, where these can become value-based, responsive institutions, engaged in helping members to increase their incomes and social and economic conditions.

But there is yet another facet of this crisis, which has generally been overlooked, if not altogether ignored. And that is the inability of co-operatives to change, remain pro-active, and grasp opportunities as these arise.

This is the situation, despite some clear signals from the field.

The primary agricultural service co-operative structure had been the main stay of co-operatives, but what is the performance : steady decline in the share of co-operatives in agriculture credit in relation to commercial banks, in distribution of fertilisers in relation to private trade, in the rate of growth of gross assets, viz-a-viz other major branches of co-operatives.

Agricultural credit

For the first time in the history, share of co-operatives in institutional credit for agriculture is lower than that of the commercial banks (Table I).

Table 1: Share of Co-operatives / Commercial Banks in Agricultural Credit

Agency	(Rs. in crores)		
	1984-1885 (Actual)	1989-1990 (Target)	1988-1989 * (Actual)
Co-operatives	3250 (55.93)	7070 (56.29)	5773 (43.4)
Commercial Banks	2560 (44.07)	5500 (43.71)	7515 (56.65)

* Indian Express, Pune, November 9, 1989

(Figures in parenthesis are percentages) (one crore = 10 million)

As on 30th June 1988, some 90,000 primary agricultural service co-operatives were operational with a combined membership of 8.73 crores (including 1.11 crores scheduled Caste and 0.63 Scheduled Tribes). Of this total membership of 8.73 crores, only 2.10 crores (including 0.29 crores Scheduled Castes and .15 crores Scheduled Tribes) members, were actual borrowers. Thus, the real beneficiaries were no more than 25 percent of the total membership.

Fertilizer distribution

Fertilizer distribution is yet another major activity of these village levels service/credit co-operatives. What is the position here?

At one stage, in early 70's the share of co-operatives in fertilizer distribution was over 60. At that time, fertilizer production though, was entirely either in the public or private sector. But even after the setting up of giant fertilizer co-operatives : IFFCO and KRIBHCO, (which now account for 20 percent of the total fertilizer production in the country), the share of co-operatives has been steadily declining, Table 11

Table 2: Share of Co-operatives in Distribution of Fertilizers

Year	Share of Co-operatives
1969 - 1970	59%
1973 - 1974	61%
1978 - 1979	42%
1986 - 1987	35%
1988 - 1989	34%

Growth trends in gross assets

Table III shows the growth in number and gross assets of Primary Agricultural Credit Co-operatives and some type of agro-processing co-operatives.

Table 3: Growth in Number and Gross Assets of PACS and Sugar, Spinning and Dairy Co-operatives (1979-1971 to 1982-1983)

(Rs. in crores)

Type of Co-operatives	1970-1971	1980-1981	1982-1983 *
PACS No.	1,60,780	94,484	92,714
Gross Assets	1,153.40	4,035.98	5,095.37
Sugar No.	141	190	199
Miles Gross Assets	351.03	1,303.14	2,098.18
Spinning No.	62	136	149
Miles Gross Assets	71.47	269.73	354.80
Dairy Unions No.	148	270	248
Gross Assets	26.58	169.31	228.22

Source: Statistical Statement on Co-operatives, RBI/NABARD, Bombay, Various issues. (* latest year for which figures are readily available)

As against this disturbing and somewhat dismal trend in the performance of the traditional service-type co-operatives, integrated agri-processing co-operatives are virtually blazing a new trail.

The sugar co-operatives now account for over 60 percent of total sugar production, spinning co-operatives account for over 16 percent of the total cotton yarn production and milk co-operatives account for over 20 percent of milk marketed in urban areas. And just 15 years ago, these co-operatives hardly had any presence in the national economy. If one were to go by the projects and planned investments on the anvil, their presence, if anything, is bound sharply to increase in the future.

Integrated co-operatives

The emergence of these successful, integrated co-operatives, which undertake value-added activities, and employ advanced technologies and have their focus on raising income of their members, carries a message. And the message is loud and clear : The hitherto service oriented, credit disbursing village level co-operative with its orientation on inputs, represents a sun-set branch of the co-operative movement. The sun-rise branch is these new integrated agro-processing co-operatives, which incorporate the traditional service co-operatives, in their infrastructure.

Co-operatives, as a movement, can move beyond the crisis point, and

survive, and grow, and become useful only, if firstly, these are genuinely democratised, professionally and competently managed, and begin to function as a countervailing force viz-a-viz the established nexus of the trader, money-lender and government official, and secondly, these were to embrace advanced, yet appropriate, technologies, undertake value-added activities, and provide a package of support service, all with a view to directly help increase incomes of each individual member.

In order to match the sources as well as instruments of power of traditional elites in rural areas, the state intervention was, is and will be necessary. But so far state intervention has, in real terms, meant over-politicisation, bureaucratic interference and perpetuation of the forces of status-quo.

Need for change

In this season of change and hope will it be too much to expect a different character of state intervention, an intervention that is designed to clear the cob-webs within which co-operatives are caught, encourage evolution of integrated co-operatives, which undertake value-added activities and help directly individual members to raise their incomes, create conditions for genuine democratic control and people's participation, and introduce changes in co-operative laws. But, then, who will take up the cudgels on behalf of these tardy co-operatives, at this moment particularly when leadership at the grass-root level lies enmasulated, if not altogether lifeless?

CHAPTER III

Basic Cooperative Values

The modern cooperative movement had started as a prescription to remedy an exploitive situation that was created in the wake of Industrial Revolution. The essence of the prescription was the replacement of the then prevailing set of dominant values among the people, especially those, who were in the vanguard of the exploitive process of industrialization, by a new set of values, whose essence was the elimination of exploitation of all sorts. This shift in values was to be achieved, by advocating democratisation of the decision making processes, limiting the return on capital, upholding the dignity of individual, and ensuring his full participation in institutional devices designed to meet social and economic needs. It was also envisaged that the process of replacement of old values with the new, was to be achieved through continuous education, persuasion and creation of awareness of the cruel character of a society, based on the values of supremacy of capital, and perhaps technology.

Values and their acceptance

Gradually however, as dominant values in the wider social systems tended to converge with those which hitherto only characterized the cooperative activity, the utility of the cooperative as a form of organization, rather than as a set of values, came to be increasingly recognized and encouraged. People who were not particularly sold to the ideals of non-exploitation, also began to see a great deal of merit in cooperation as a form of business organization.

The encouragement given by colonial regimes, in what are now called developing countries, in the face of major upheavals in the countryside, resulted in the organization of officially sponsored cooperative societies. These were however not characterized by the values which had inspired

the pioneers. The subsequent period witnessed a massive proliferation of cooperative activity, but under the benign tutelage of Registrars of Cooperative Societies.

The end of colonial era hardly made any difference. The cooperatives did receive particular attention, aid and advice but nobody ever attempted to put the soul in the body. Consequently, the success stories of cooperatives, as in India, are of successful enterprises which employ sophisticated technology, provide extensive services and give higher return to members; These hardly however promote and practice the values of non-exploitation. Are these then, real cooperatives?

Values, as fundamental beliefs and basic postulates shape human and institutional behaviour, delineate the range and focus of their activities, provide basis for setting operational objectives and policies and are useful as standards to measure the success and effectiveness of results achieved, on the application of efforts and resources.

In the case of cooperatives, values provide the basis for the enunciation of principles; since principles, as guidelines for operationalisation of activities, can and do change with times. These can change due to community's expectation, but also due to the cardinal imperative of keeping cooperatives socially relevant and economically efficient.

W.P. Watkins lists the following as the basic values of cooperation :¹

- association and unity
- economy
- democracy
- equity
- liberty
- responsibility, and
- education

Sven Ake Book gives the following values, "which now and in the future should be included in the cooperative process to make a contribution to cooperation in practice".² His "view of the matter has been formed chiefly through the interpretation of cooperative visionaries, ideologists, my conversation with cooperators and readings of reports and biographies, documentation underlying essential decisions and policies, research analysis etc".³

- self-help values (activity, creativity, responsibility, independence, "do-it-yourself").
- mutual help values (cooperation, unity collective action, solidarity, peace).

- non-profit interest values (resource conservation, elimination of profit as a driving force, social responsibility, utilitarian goal, “not profiting from others’ work”).
- democratic values (equality, participation, “equity”).
- educational and training values (humanism, independence, constructiveness).
- voluntary-efforts values (commitment, creative power, independence, pluralism)
- universal values and values of cooperation (global perspectives, openness)
- purposeful values (economic benefit to members).

Lars Marcus, President, International Cooperative Alliance, identified the following as the basic values in his Report to the International Cooperative Alliance Congress, Stockholm, 1988; ⁴

- member participation
- democracy
- honesty, trust and openness
- caring for others.

He elaborates these values in the words: “The ultimate aim for a cooperative membership might be a richer life, safer life, worthier life, peace and human rights, defense of democracy and solidarity with the unfortunate”.⁵ And again “confidence has no better foundation than the degree of a cooperative caring for its membership”.⁶ Elsewhere, he writes, “caring for the others is a basic value that stems from our nature as self-help organization and is not something calculated to bring in customers. That is what makes the difference between us and purely profit oriented activities”.⁷

In a Seminar on Cooperatives Leadership and Development, organized by the Vaikunth Mehta National Institute of Cooperative Management, in Srinagar, in June, 1988, the following were identified as the basic values of cooperation : ⁸

- equity and equality
- active member involvement and participation
- supremacy of the individual over capital
- self-help and mutual support
- subordination of individual interest to the wider social interest
- ensuring distributive justice through removal of disparities and elimination of exploitation

- broad-based and diffused leadership
- education as built-in process of development
- self-reliance for development of cooperative autonomy

The Seminar had also identified the following steps for instilling basic values in cooperatives :

- 1) cooperative education should be made an integral part of the general education system, right from the primary level,
- 2) appropriate culture, which rewards action consistent with the basic values, should be created within the cooperatives;
- 3) existing Cooperative Societies Acts, Rules and Bye-laws should be reviewed, and if necessary, reformulated, so as to underscore these basic values; and,
- 4) decentralized decision making processes should be developed at all levels of cooperatives.

Let us conclude this section by a quote from the paper : Cooperation and Basic Values by Lars Marcus, presented to the ICA Congress, Stockholm 1988 : “where basic values are not found, the ICA principles will slowly turn to ashes and our future as cooperatives will be at stake”.⁹

The above enunciation of basic values of cooperation, obviously, reflects the Western value system, and appears heavily influenced by the experiences and perceptions of those, who have primarily worked in the affluent societies. This can have only a limited validity to a social system, which may be characterized by wide-spread poverty, exploitation, unemployment, disparities and deprivation. To this system, the message of cooperation and the values that underpin this message, has to be somewhat different. The essence of this message has, in particular, to be, on the elimination of exploitation of any sort, and of any section of the society, and in general on combating poverty. The cooperatives must represent a set of values, which ensure cessation of exploitation at all levels and of all people, and the social and economic uplift, especially of the poor.

A cooperative society is merely a manifestation, an organ to promote and uphold some basic values. It is as much a form of organization created to meet the needs of the community, in a given situation, without exploitation, as a value-based institution, committed to build a social order characterized by equity, equality and distributive justice. The measure of its success, therefore, will be as much its efficiency and the return that it may ensure to its members, as the extent to which it eliminates or reduces exploitation within the community. The economic

success or viability of a cooperative society, is no guarantee that it upholds and applies the basic values which ought to underpin its working and its concerns.

Essence

What are the basic values that ought to inform a cooperative society?

Let us go to the roots of modern cooperative movement. It began with Owenism in the early 19th century. Out of Owenism came the ideals, doctrine, myths and much of the inspiration which one associates with today's cooperative movement.

The roots of the modern cooperative movement thus can be traced to the philosophy of Robert Owen, (1771-1858), who had put forth the view that the major concern of the society should be with the happiness of the individual, but the happiness of the individual was determined by his character, which, in turn, was determined by work conditions to which human beings, were subject. If the work conditions were marked by exploitation, deprivation, abuse, discrimination or denial, then the individual could never be happy. Robert Owen wrote : "Profit-making was the exploitation of some people by others, and the aim of profit-making injured character". He declared that a profit upon price for individual gain and the accumulation of useless and unnecessary individual wealth brought into action the lower passions of human nature; and a false estimate of all things ensued and everything became valued by its costs instead of its intrinsic worth. Cunning and deception usurped the place of wisdom and sincerity".¹⁰

It is in the face of such circumstances that Robert Owen had mooted the idea of setting up "villages of cooperation" and sought to create through such villages a "New Morale World", which would provide "universal happiness".¹¹

Later, Rochdale Pioneers inspired by Owenism made their rules of business. These rules then formed the basis for the formulation of Principles of Cooperation by the International Cooperative Alliance, in 1937. These Principles were reformulated in 1966, but the essence of the Pioneers' rules of business, and the two sets of ICA formulated cooperative principles, was :

- 1) right of the individual to determine and shape, as a member of a group, his own destiny;
- 2) right to participate in institutional structures, processes and decision making in areas of concern to him;

- 3) universally of opportunity for development and growth to all individuals irrespective of age, sex, caste or religion;
- 4) continuous consolidation of these values through education and training; and
- 5) widening the scope and coverage of cooperative activity so that exploitation is eliminated everywhere;

The President, International Cooperative Alliance, in his paper on Cooperatives and Basic Values which he presented to the ICA Congress, in Stockholm, in 1988 had succinctly put the same thought, in the following words :¹²

“Cooperatives are formed by people who have found it necessary to work together to solve economic problems and who have chosen to do it in the same spirit as that which formed many other popular movements. Their opinion was that a few working together can achieve more than many who strive alone. They also accepted that man and women were equally suppressed and should have the same value and the same rights. Cooperatives should, therefore, be open to everyone, and nobody should be allowed to dominate others”.

Two essential aspects

In our quest to delineate the values of cooperation in the future, two essential aspects of cooperatives will have to be kept in mind. These are:

- a) that these survive as value-based institutions; and
- b) that these continue to remain relevant to the contemporary society,

These two aspects are, in a way, closely inter-related. These determine the ideals, missions, concomitant objectives, tasks, activities, organizational designs and thrust of cooperatives.

It is necessary to note that survival here does not refer to the survival of a cooperative society. Rather, it implies the survival of ideals and goals, like elimination of exploitation from the society. In an affluent society, where alienation is the growing malady, or where capital determines the human relationships or the institutional structures tend to make human participation remote, eliminating exploitation would have different undertones and different underpinning values, than in a society characterized by acute poverty, under-development, denial of opportunities and excessive dependence on the state. The questions that need to be asked, therefore, are; what will ensure survival of cooperatives and their social relevance in, say 2000 A.D.? Will the sacred principles of cooperation, as

enshrined in the Report of the ICA Commission of 1966, be of any great help?

Peeping into future

The answers to these two questions would seem to depend on survival of what and on what scale. The isolated cases of successful cooperative societies can be easily envisioned, even in the year 2001 A.D. But then how far will these be relevant to the wider society? What we are really discussing here is ensuring the survival, and preserving the essence of cooperation, - its very fundamentals, pervading as it must, an entire social system, and not in a few isolated pockets in some communities.

It is expected that by 2001 A.D., India will have a population of 960-1000 million people, with a sizable chunk living below the poverty line. Cooperatives have to survive in and relate themselves to this huge social system of gigantic dimensions. Can elimination of exploitation, which is the essence of cooperation, have any other meaning than "social justice" - ensuring dignity of the human being - by directly attacking the stark poverty of people through all possible means? Nothing else, not even the pet desire of some to search a universal meaning, or evolve a universal list of principles of cooperation, can ever lend enough weight to the meaning of cooperations to help it preserve itself, or to relate itself adequately to the wider social system.

Poverty and cooperation

Alleviating poverty in India now and in the future has to be the predominant concern of all. The cooperatives can have a meaning and a relevance only when these identify themselves with this basic concern of the society. Alleviation of poverty therefore has to be a principal objective of cooperatives.

It is almost certain that alleviation of poverty will need extensive application of sophisticated and advanced technology but in an environment characterized by depleting resources. The set of values that cooperation must promote and apply will have to reckon with these two essential features. Extensive application of technology may require large institutional structures, rapid capital formation and skilled specialist and technical personnel. Application of modern technology and large institutional structures however also tend to result in increased alienation, environmental pollution and cultural decay and social disintegration.

It may, therefore, be necessary that the following value perspective

are kept in view while organizing cooperatives, designing their structures, setting their objectives, deciding their investment patterns, determining the role and status of membership, and prescribing norms for evaluating their performance:¹³

- **Non-Exploitation Values**
(Combating exploitation, ensuring that none benefits at the cost of another - member or non-member; seeking to create an egalitarian social order; responsiveness and sensitivity)
- **Poverty Alleviation Values**
(Skilling economically weak and socially deprived sections of communities, purposively introducing labour intensive technologies, creating employment opportunities, improving small farmers' productivity and incomes, safeguarding interest of workers and consumers).
- **Self-Reliance Values**
(Rapid capital accumulation, reduced dependence on state, resort to commercial borrowings, self-help and mutual support).
- **Decentralization and Public Participation Values**
(Primary-centred cooperative structures, diffused decision making, peoples' involvement, democracy and open membership, membership driven management).
- **Ethical Values**
(Honesty, integrity, commitment to morale and social norms).
- **Resource Efficiency Values**
(Professionalized management, optimum use of resources, cost effectiveness in operations, high concern for quality of products and services).
- **Universal Values**
(Environment protection, and preservation of ecology, world peace and conflict free society, disarmament).

These are the values, it would seem, that, must govern the choice of technology, investment decisions, human resource development strategies, and the role and functions of primary and federal organizations and inter-cooperative relationship in the future in India.¹⁴

To conclude, it is suggested that the existing set of values which underpin "cooperation" need to be examined, keeping in view the demands which the large human system in the future is likely to make on institutions including cooperatives. To preserve and relate itself to a huge society, characterized by poverty and under-development, elimination of exploitation, which is the essence of cooperation, can have only one meaning, namely eliminating poverty and securing social justice for all. This may be attempted, in the initial stages, with particular occupational or other types of larger groups; but ultimately cooperative must aim at universal development - a society without poverty and exploitation.

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CHAPTER IV

Stages in Cooperative Development

Despite differences in socio-cultural environments, political orientation, and economic philosophies the ruling elites in almost all developing countries accept, and even encourage the cooperative form of organization. This, they do ostensibly in recognition of cooperatives' potential as potent instruments of gradual social and economic change, particularly in rural areas.

While some countries in Asia now have a tradition of over 90 years of cooperatives, a few others, particularly in Africa and the South and Central Pacific Islands, have only recently begun to encourage cooperatives. India is one country where tradition of cooperatives is not only one of the longest among the developing countries, but the range, sweep and coverage of cooperatives are also the widest. India, perhaps, is the only country among the developing world, that has experimented with several alternative strategies and devices to develop cooperatives. One may observe in India, cooperatives operating at different levels of maturity, displaying a variety of nuances of cooperative ideology, and performing with varied degrees of effectiveness. All these and more provide a reasonable basis to develop a model of stages of development through which cooperatives pass, even as they grow, mature and begin to play their legitimate role in a developing society.

It has been argued that cooperatives in the Western countries, have passed through three different crisis stages; the first was of credibility; the second was of management, and the third (and the present one) is that of ideology - loss of the original fervour, absence of members participation and democratic control, and increasing importance of capital viz-a-viz man.

Cooperatives in the West, have become big and efficient enterprises

but almost invariably without any tinge of ideology. This, of course, is the situation there. In developing countries, cooperatives face an altogether different situation.

An attempt to evolve and present a model of stages in cooperative development has been made here. It discusses the stages through which, generally cooperatives in a developing country pass, even as they grow, diversify and mature. Later, some steps, which might help hasten this process of development towards maturity, are also discussed.

The path of development of cooperatives in a developing country passes through four distinct stages. These are : the highly officialised stage, the partly officialised-partly politicised stage, the highly politicised stage, and the professionalized managed stage. At the last stage a cooperative becomes mature and thus functionally fully effective.

The evolution of a cooperative towards maturity can well be compared with the life cycle of an individual; stage I corresponds with the childhood, stage II with the youth; stage III with the early adulthood, and stage IV with the mature adulthood.

Cooperatives, like a human being of course, do get stuck in their progress towards maturity, and then these often fail to play their expected social role.

Stage I: The Highly Officialised Cooperatives

Usually, the initiative to promote, organise and develop a cooperative is taken, as a part of an administrative effort, or an economic planning exercise, or a development plan, by an official agency or the cooperative department of the government.

The general approach is that a government official goes to a particular area or region, gets in touch with the local chief/headman/large farmer, and explains the government scheme under which the cooperative is proposed to be organized and elicits his support in implementing the scheme. He thus succeeds to fulfill the government target of organising a given number of cooperatives. Vague assurances of easy availability of credit, farm inputs, storage, processing, and marketing facilities, and of giving concessions and subsidies, all as a bait, are held out. The village chief/headman/large farmer instinctively perceives the offer as yet another opportunity either to reinforce his existing social status, or, pre-empt the possibility of the planned assistance from the government flowing to some other quarters. He, therefore, calls a few henchmen, asks them to sign on official papers, and a cooperative is

organised, with the chief as the chairman.

The chairman also identifies and gives the names of members of the managing committee, who are deemed to have been elected by a representative body of the membership.

Dependent as such a cooperative is, on official assistance, only the official, not unexpectedly, enjoys a great deal of clout and authority in its working. His role gets further reinforced, when he is the only one who can write books of accounts and maintain other records of the cooperative. He, in fact, dominates cooperative and runs it in a manner, that stifles and stunts its growth.

Moreover, given the manner of its origin, the complexity of cooperative laws, rules and the awesome powers of the Registrar, Cooperative Societies, the cooperative also begins to be widely seen, as no more than an extension of the sprawling state administrative apparatus. The managing committee in fact is, and also seen by the cooperative officers, as a mere facade.

Paradoxically, assistance is provided by the government for cooperative education and training; members and office-bearers of the cooperative are “educated” and “trained”. They are explained their “rights” and “responsibilities” the know-how of business management, but, in the absence of any real freedom and desire to let cooperatives grow, nothing really changes.

Given the weakness of modern political systems for Institutional arrangements and democratic control, however illusory it may otherwise be, assistance from various government departments start flowing to cooperatives. And once this happens, this, then is seen by the official, as a legitimate reason to keep on exercising control over their working. Cooperative laws are accordingly amended, powers of the Registrar, Cooperative Societies, are further enhanced, and the strength of supervisory and inspection staff of the government is further increased - all in pursuit of the laudable aim of protecting and promoting cooperatives and their members.

And the grip of the official lasts, till some enterprising politician perceives in this hybrid clap-trap of a cooperative, a potential vote bank, a pliable institution for ensuring block votes of members of the cooperative, at the time of election to political bodies.

Implication for the Character of Cooperatives

The essence of a cooperative society is its democratic character or,

more precisely, members' participation in its activities, its operation and its management; their ability to decide the nature and direction of activities and operations. It is this aspect which makes a cooperative attractive : Participation offers opportunities to people to express themselves, to develop a sense of sharing, to entertain feelings of having made a contribution. Participation is, or at least ought to be, a guarantee that a cooperative will develop sensitivity towards its members. But when an official organises, controls and runs a cooperative, it is this facility of participation that is denied, leaving the cooperative soul-less, an inert government sponsored entity, engaged in some government conceived programme.

It needs to be emphasized that whatever may be the compulsions of the state administrative set-up, or the personal predilection of government functionaries, the only way a cooperative can retain its true character, is when members participate and manage its affairs. Mistakes will be made, as invariably these are, by those who venture to pioneer on the untrodden path. The spirit of cooperation can be imbibed and kept alive only through the process of participation, self-control and self-confidence among the mass of membership of a cooperative. Let members learn, even if through mistakes. It would be better this way, rather than have an official register of stunted cooperatives, which have to be kept artificially alive, through official machinery and/or state doles.

Stage II : The Partly Officialised-Partly Politicised Cooperatives

This is really a transitory stage between stage-I of the officialised cooperatives and stage-III of the politicised cooperatives. Stage-II is reached when a budding leader nursing political ambitions "captures" a cooperative, and then systematically uses it to broaden his base. This, he usually does, with full connivance of the official on the spot, as well as his higher-ups. Invariably, the budding leader has some social base in the area and some linkages with the ruling political party. He professes cooperative philosophy, extols the virtues of peoples' participation and democratic control, condemns evils of officialization, and exploitation of weaker sections, bemoans drainage of resources from rural areas, and widening gap between the rich and poor. He is, generally tall on exportation and short on accomplishment, but deftly utilizes his newly - acquired fondness for the cooperative, as a part of a strategy to win the tug-of-war with officialdom. When he wins this war, he also pushes the cooperative into stage-III. If, however, there is a stalemate, the cooperative continues to be in stage-II, but if he loses, which is rare, the cooperative recedes further back into stage-I.

Arguably, the transformation of a cooperative into any other stage, is not irreversible. Rather, it is like a change in the form. The intensity of external pressures, internal strength of the cooperative and quality of its leadership, personality and character of the official, and finally the political climate, all combine to determine the stage in which a cooperative momentarily rests.

Implication for the Character of Cooperatives

At this stage, a cooperative becomes merely a handmaid, of one or an other political person; husbanding of its resources, realization of its potential, management of its operations, all assume secondary importance, contingent upon, who is in command. The flow of resources and use of facilities are un-justly denied to some members, while few others are surfeited with them. It all depends who is on whose side. Predictably, in most cases, a tug-of-war sooner than later ensues to decide, who should remain in command. And this inflicts heavy damage on the cooperative. During this stage, the cooperative normally goes through contraction and experiences dissipation of resources. The poorer and weaker members of the cooperative, are the ones, who usually suffer most.

Stage III : The Politicised Cooperatives

This stage is reached when a cooperative comes to be totally dominated by a local politician, or a closed group of people often referred to as "vested interests". The official machinery becomes subservient and plays a second fiddle. The cooperative becomes a sort of fiefdom. The dominant figure derives his legitimacy from the seemingly innocuous democratic character; which camouflages an untold story of exploitation. His strength lies in his political linkages. His motivation generally is to use the cooperative as a spring-board to scale new political heights, or simply to promote self-interest.

A cooperative thus ceases to be, in real terms, an association of people. Its objective then becomes to enable the leader to prosper; the membership exists merely to help him realize his own personal goals. Not unexpectedly, he does not let the cooperative grow or move towards maturity, or become truly an organ of the community. Most of such leaders have no ideology. They are, in the main, barons interested in strengthening their fiefs. For them cooperative is a device for controlling levers of power in the name of people and using that control to pursue their own ends.

Implication for the Character of Cooperatives

It is during this stage that a cooperative becomes a hot-bed of factional politics - a wrestling pit for fighting political bouts. All resources, all people, all opportunities are seen to be available, and are often, in fact, used, to ensure the political survival and later ascendancy of the leader. If there are members who are not in agreement with his political ideology, or do not dance to his tune, or, are otherwise not inclined to bid to his overture, well, the cooperative has all its doors shut on them. They are, at once, pushed to the periphery, to never enjoy the services of the cooperative. the cooperative becomes a partisan body; it has its supporters or opponents. If per chance the leader of the cooperative were to lose the patronage of his mentors in the government (which can happen, particularly, when another political party or even another person comes into power), he and his supporters are immediately shown the way-out, and are replaced by favourites of the new regime, or, more frequently, by government officers. Either way, the cooperative suffers. Its growth falter, its development is retarded, and it recedes back into stage I.

In any case, presence of a leader who considers a cooperative as a handmaiden, is a sure guarantee that membership is not broad based, it remains insensitive, and real participation of member is seldom tolerated. Here the position is really no different from a cooperative in Stage-I, except that the exploiter is now a person with political clout, and who wears a "democrate" cap.

Stage IV : The Professionally-Managed Cooperatives

This is the final, and from several angles, the most desirable stage. Not all cooperatives however reach up to this stage or, manage to remain there for any longer duration. Here the membership is extensive and wide-spread and the managing committee is genuine - a duly elected representative body, which often seeks to confine its role to general policy issues and leaves the day-to-day operations to the qualified professional staff. The managing committee, in fact, considers insulation of the cooperative from the onslaught of external forces, and protecting it from the covetous eyes of an all-too-eager politician, waiting in the wings to take it over, as its primary responsibility.

The professional staff in the cooperative, attempts to keep at bay the government officials, as well as the politician, by developing a higher degree of sensitivity towards membership, encouraging its participation through various forums, by promoting self-reliance particularly in the

area of finance and manpower, and generally increasing the stake of the outside community in the successful and smooth working of the cooperative. But it remains an unending process. Only such cooperatives, as manage to attain the stage of maturity and remains there, do indeed really serve their purpose.

Implication for the Character of Cooperatives

This is an ideal stage, the stage where a cooperative becomes mature. Its management processes are well set, its membership is active, and its activities and operation have a mass orientation.

Such a cooperative seeks to integrate its activities with those of its member house-holds. It orients its entire operations to help its members to improve their production, productivity and incomes. It may also seek to enlarge its activities to include such essentials of modern day life as providing education, development of local culture, improving community health, and even generating employment opportunities.

It effectively avails itself of what various external delivery systems have to offer, and yet keeps grounded on its own strengths, namely, members' loyalty, economic efficiency and social orientation. In a way such a cooperative becomes a proactive institution, endeavouring to instil, that basic value of cooperation : non-exploitation.

Moving towards maturity

There are three major hurdles in the movement of a cooperative towards maturity i.e. officialisation, politicisation and federalisation. All these have to be negotiated, none of these can be, altogether ignored or wished away.

At the macro-level, the options that are available to hasten the movement of a cooperative towards the stage of maturity, the following two approaches have been tried without any appreciable result:

- 1) top-down approach
- 2) bottom-up approach

The first approach is, in essence, legalistic. It has been tried on a rather extensive scale in India, with no obvious benefits. It was through suitable amendments in the Cooperative Societies' Acts, that attempts were made to de-politicise the cooperative movement. But instead of de-politicising the movement, these have pushed cooperatives in the embrace of bureaucracy, or have made them subservient to ruling

political party's bigwigs. In this context, several contemporary examples readily come to mind.

The second approach is that of taking a long-term view of this process, pin hopes in the historical forces of modernisation and development, and expect that members will exercise pressure on their cooperatives to show results. Cooperatives will thus eventually move towards maturity even as other entities in the wider society undergo a similar process of change. This might well happen, but it is going to be a painfully slow, long process. A cooperative might become mature after a period, but by then it might have as well lost its social relevance and economic sinews. All those, who, through ministerial exhortations, conference and seminar resolutions, Commissions' and Working Groups' recommendations, hope to liberate cooperatives of the virus of officialisation and politicisation, are basically votaries of this approach. But it has not so far worked, and is unlikely to work in the future either.

In order to make cooperatives move towards maturity, an approach based on selective state intervention, reduced and redefined role of the Registrar, Cooperative Societies, extensive cooperative member-education programmes and alternative forms of cooperatives and cooperative structures may have to be designed, adopted and implemented.

Who will do it ?

Obviously the success of an effort of this nature will as much depend on, who actually initiates the process of change, as on the precise strategy that is evolved, the resources that are mobilized and are available, and the thrust areas that are identified, for the purpose. Past experiences would seem to warrant the exclusion of any government department as well as any corporation that is itself heavily dependent, for its own activities and operations, on government for aid and assistance, for such a role.

But, then who should take-up the task?

There is no simple answer to this question. Voluntary organizations, cooperative leaders at the primary level, intellectuals and social workers, women organisations, youth leaders, in fact all those who cherish certain values and ideals, and believe in peoples' movements can play the role of the "change agent". But all such groups will have to organise themselves, take initiative in strategic areas and create favourable environments to nurture and nurse the cooperatives towards maturity.

Any action plan to realize the above aim must begin by creating

awareness among members, raising their consciousness and weaning them away from the culture of dependency and exploitation. So long as the mass of the people do not realize the need for change, and are themselves prepared to change, cooperatives will not mature.

The second point, in the action plan, should be to make it clear, that "association of people" as a "working cooperative" in itself, is a value. The conventional value scale inherent in the concept of profit and loss is important, but this must give precedence to the value of association as a "working cooperative". We must learn to feel satisfied if people begin just "to cooperate" and work, and accord this experience higher value than to mere operating profit or loss in the business of a cooperative.

The third point, in the action plan should be to find ways in order to ward off any, benign or otherwise, interference from the government, and to keep all power seeking politician at arms length. Let members always remain in control. Here, one may keep in mind, that though small is beautiful, but small can also be "politics" as well as exploitive. So let the cooperatives become broad-based and then grow to their full maturity.

The next point should be to resist any attempt to thrust federal structures. The evolution of such structures has the tendency to push primary cooperatives to the periphery, with apex units, becoming the centre. On balance, the loss of autonomy in structural integration so far has been more than whatever assistance a primary cooperative eventually receives.

Finally, no efforts should be spared to involve members, or to train and motivate staff. Members participation should provide strength to cooperatives, trained and motivated staff should obviate all excuses for official interference.

This is not a blue print of a grand design, but an outline of an action plan that needs to be further worked-out, independently for each cooperative, if it is to succeed and bear fruit.

The government has played its role, so have the politicians. Let members now take over the task of cooperative development.

CHAPTER V

Cooperatives in 2001 AD: Some Reflections

Futurology as a new branch of knowledge is concerned with long range view and looking for alternative futures. It involves reviewing of existing processes, trends, institutions, achievements and crisis and developing alternative scenarios of future, so as to enable policy makers and planners to initiate action when there is time to actualise a preferred future. Futurology, in a way, is concerned with planned change.

A futurologist asks himself various questions such as: Do we want a change to take place? Do we have more than one alternative? And if so are these alternatives or set of changes realisable? He necessarily examines futures as a part of nature - man - society - technology system complex, and then based on some given value premises, attempts to give a direction to the society towards a desirable future.

“Futurology” Dr. Rajni Kothari writes, “as developed in the Western Countries, Japan and the USSR so far, has some use for the countries of the Third World but not much. Basically, with a few exceptions, the approach has been one that is largely based on projections of existing trends or at best on prognostic based on both existing and anticipated trends. My work on the future for the last few years (in collaboration with a number of other scholars from various countries), carried on from the vantage point of the Third World countries in particular, has taught me that while prognostics are an essential part of coming to grips with the future, there are serious limitations and dangers if one were to stick to the methodology of prognostics alone.”¹

Prognostication tells us about the expected shape of the future, if human agencies do not intervene in the historical process, but the main issue in shaping the future for societies facing the task of fundamentally

altering the structure of reality that faces them, is precisely to intervene in the historical process. In other words, we have to deliberately build into our work on the future a normative component, not just an expected future but a preferred future; not just adapting to the inevitable but designing something along our own image of a desired future. This is obvious for a country like India which is seeking to not just imitate the present industrialised countries, that is both impossible to carry out and undesirable to undertake, but to evolve an alternative to them in keeping with our goals. It is this aim to evolve alternatives that should provide us with a paradigm of both theory and action and inform both our scientific and socio-political strivings.

The paradigm of alternatives based on conscious interventionism involves a number of methodological steps :

1. **DIAGNOSIS** of our past experience and the present state of affairs.
2. **PROJECTION** of existing trends (assuming that no new variables enter).
3. **PROGNOSIS** of the future based on both existing and anticipated (new) trends, providing us with a scenario of an expected future.
4. **MODEL** of a preferred future based on a set of values to be optimized for moving toward an alternative future.
5. **STRATEGIES** for moving from the expected to the preferred state.

In India the discipline of futurology gained recognition when the National Committee on Science and Technology (NCST) Panel on Futurology was set up by Government of India, in 1973. Futurology Panel prepared monographs and technical reports in the field of future studies, and aimed at to encourage and stimulate future consciousness and future research in the advanced centres of learning in India.

Methodological approaches to future studies in India

i) Crisis Point Approach

The Panel had accepted two methodologies. One of these was termed "crisis analysis". The main approach here was that in the various areas identified by the Panel, wherever it is possible to do so, certain known crisis points that have been the part of the Indian experiences in these areas, such as Food, Energy, etc., be identified with a view to take a deep

look at them. Such a case-study, this methodology suggested, might give us an empirical model for the future and even suggest several alternative courses of action. The main idea was to go from known to unknown. This should make the study of future more practical and utilitarian instead of utopian. The second methodology accepted by the Panel pleaded for a deliberate build-up, in the work on the future, a normative component of not an expected future, but a preferred future; not just adapting to the inevitable but designing something along our own image, of a desired future. It was stipulated that the concept of a preferred future would help us evolve alternatives that would provide us with a paradigm of both theory and action and thus inform both our scientific and our socio-political strivings and determine strategies for moving from the expected to the preferred future.

The preliminary study of the Indian resources, demand, socio-economic conditions, scientific and technological data and the available view-points presented by some of the Indian intellectuals inclined towards future, indicated both the enormity and the complexity of the Indian situation. Of the various factors social, technological economic, political and other, the population factor was deemed to be a critical factor.

A country which can add twelve to fourteen million of people in a year does present a demand curve which can be disturbing in nature, more so if one finds that the resource projections are not likely to keep pace with the demand which in the years to come is going to be made on its resources. Secondly, the urban-rural segmentation and contrast in life-patterns presents additional complexity of its own; wherein the mass migration of rural population to the urban areas constitutes the major upsetting factor. The third significant factor is the prevailing state of mass unemployment in the country. Apparently, all these factors seem to considerably circumscribe and delimit the value of available development options.

Two other approaches to future building are discussed below:

ii) *Global Modelling Approach*

The concept of globe modelling has evolved in recent years. It refers to building models of a given 'reality' perceived as a system and incorporates therein all possible variables present in the reality, as well as in the environments surrounding the reality. Globality here refers to the comprehensiveness of the universe covered in the model in terms of sectors and/or variables. A global model may cover one or more socio-economic sectors, or the entire world, or a region, or a country.

What is a global model?

A global model attempts to describe a real situation incorporating therein the modes of causation of different behaviour pattern : It consists of the following sets of relationships and identities.

- 1) Behaviourial relationship e.g. relationships between individuals, or group of individuals over time or space,
- 2) Technological relationships, e.g. relationships that emerge out of the situation,
- 3) Institutional relationships identities, e.g. equilibrium conditions that provide the balancing factor in the system.

Two sets of variables, present in the system, are included and described in the global model e.g. endogeneous variables which influence the system and are also influenced by the system, and exogenous variables which influence the system but are not detrimented from the system. Global model in a way describe the inter-play between these two sets of variable.

Several global models have been developed in recent years.

Tearing and reconstructing is at the base of global modelling. To be relevant and useful each global model should have explicit objectives, and must aid the decision maker in making correct decisions, after weighing the various policing options available to him. Since global models encompass many variables, the process of modeling is based on multi-disciplinary approach and is an on-going, continuing exercise. As more and more insights are gained of the system being modelled, corrective steps are incorporated to make the model more sensitive, more accurate in prediction, and more acceptable to the user.

iii) Strategic Management Approach

Strategic management has been defined “as the process of determining (and maintaining) the relationship of an organization to its environment expressed through the use of selected objectives, and of attempting to achieve the desired states of relationship through resource allocations, which allow efficient and effective action programme by the organization and its sub-parts.”

Thus strategic management as distinct from operational management, emphasizes adaptation to the environment, although it does not neglect management of internal affairs.

Strategy is the central and unique core of strategic management.

Strategy refers to the formation of basic organisational missions, purpose and objectives, policies and programme necessary to achieve them, and the methods needed to assure that strategy is implemented to achieve organisational ends.

A successful strategy is usually not a single decision but a web of inter-related strategies, sub-strategies sub-sub-strategies, policies and tactics.

Modes of strategy formulation

Henry Mintzberg has identified three separate modes of strategic formulation; the entrepreneurial mode; the adaptive mode, and the planning mode. The entrepreneurial mode is characterized by a strong leader taking bold risky actions on behalf of the organization; the adaptive mode applies to companies that merely respond in small, disjointed steps to difficult environment. The planning mode that is discussed in greater detail below typifies the process of systematic deliberation of strategic issues.

In reality, these three modes co-exist in all organizations, and each complements, yet restrains, the others. The entrepreneurial mode is bold, intuitive, but pragmatic. The adaptive mode is flexible, seemingly disjointed but suitable to a dynamic situation. The planning mode is obviously logical and desirable, but difficult to operate.

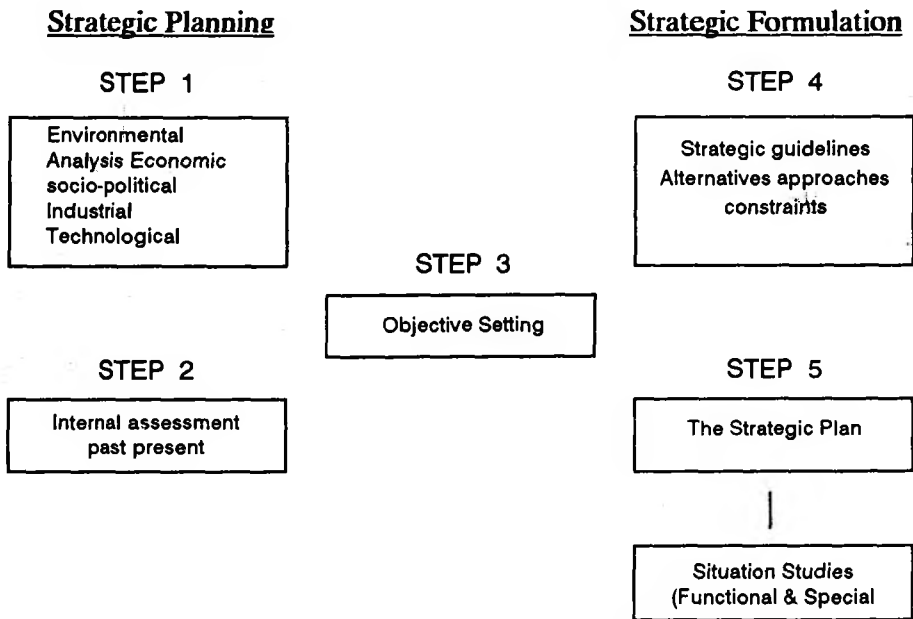
Strategic planning

Strategic planning and formulation is a systematic and logical process following a prescribed method to facilitate rational thinking. The process entails the area of forecasting, matching, calculating, exploring, and selecting alternatives. Strategy making is principally a mental activity, involving intuition and judgment. Neither the forecasting of future events nor the appraisal of internal capacities can be turned into an exact science. Strategic matching, calculating and selecting are a test of experience, depth and risk taking policy; at best, they are results of an intuitive 'gut feeling' and a seasoned judgement of what is possible and deserving. Thus there is the need for a continual involvement with the concrete realities of business operation, and the respect for sound methodology, and the flexibility that allows for the necessary revision of strategies.

Five step process

The five step process described below is designed to present a methodology that recognizes the substantive nature of strategy planning and formulation process.

In the process, steps 1 and 2 represent the initial assessment of external and internal factors in the present and projected environment. This assessment is logically followed by the determination of objectives (step 3) the deliberation of policy issues. Steps 4 and 5 involve strategic formulation.



Behavioral aspects in choice of future

While making choices, managers cannot separate their feelings, emotions, and personal preferences from economic considerations. True, economic factors are considered, but simultaneously personal likes and dislikes also figure in the process. At times, managers may forgo economic reasoning and proceed with what they prefer to do, paying minimal attention to other relevant factors. The overriding consideration in this case, is the manager's personal values. Values refer to a conception of what an individual or group regards as desirable. They are

deeply rooted feelings about ideals and philosophy. Values result from the accumulation of previous experiences, perceptions, and memories; and indeed behaviour is a function of personal history. Managers may not be consciously aware of their values, yet they affect their perceptions and choices, and strategic decision making is no exception. In a sense, building choices may be a reflection of personal values. One need only to look at various business corporations to note how their destinies have been strongly shaped by the personal preferences of key managers.

Group process can help

Deliberate strategic decisions, whether involving the adoption of a new policy or the discontinuation of an existing policy calls for the work of managers in group settings. Group deliberation can be carried out in committees, conferences, and task teams. There is evidence that when the problem requires few steps and where the solution can be verified either mathematically or logically and where there is need for considerable information, groups have been found to perform better than the average individual.

An attempt to apply some of the methodologies discussed above to cooperatives has been made below: ²

1. Crisis Points Approach

Trends analysis of cooperative development

Remoteness in man-cooperative relationships and the increasing insensitivity of cooperatives to the needs and aspirations of their members, undefined state-cooperative relationship leading to loss of autonomy, and frequent state interference, widespread politicisation of cooperatives and growth of vested interest, an increasing number of people, especially the poor, the vulnerable and the weak, living and working beyond and effective pale of cooperative activities; emergence of top-heavy structure with apex cooperatives enjoying neither legitimacy nor sanction over their affiliates, wholesome acceptance of management practices, values and ethos developed and found successful in private, profit-seeking enterprises by cooperatives; and general abdication of larger social goals by cooperatives for promoting the interest of a limited few, are some of the dominant trends that can be identified in the development process of cooperatives.

Points of fulfillment

It is expected that the following points of fulfillment are likely to be achieved in cooperative development by year 2001 A.D.

- Institutional development extending to all sectors of economy and all parts of the country;
- Evolution of viable primary level cooperatives due to amalgamation, diversification and better management;
- Development of sound vertical structure in different branches of cooperatives;
- Emergence of models of excellence in different branches of cooperatives.

Points of crisis

The following crisis points are likely to be reached in cooperative development by the year 2001 A.D.

- Growing dissatisfaction in the society specially among poor about the role, relevance and usefulness of cooperatives due to their failure to help ameliorate their socio-economic conditions;
- Increased politicisation and greater state control and interference;
- Rising instances of default among members and disintegration of member-cooperative relationships;
- Weakening of democratic spirit and loss of confidence among people in cooperative ideals and philosophy leading to crisis of faith in the ability of cooperatives to perform;
- Growth of heavy vertical structure; and
- Bureaucratisation of cooperatives.

The major reasons that are likely to contribute to the crisis are : closer state involvement leading to insensitivity; non-viable operations and security-seeking orientation, wrong perception of the principal of democratic control leading to small size and turnover of the cooperative; restricted membership; growth of vested interest; decision making by lay office-bearers; excessive politicisation; unhealthy cooperative-employee relationships, absence of appropriate management culture and practices, failure to work in unity with other voluntary agencies and marked lack of appreciation of the role of modern technology and its diffusion, transfer and application at the levels of cooperative and its membership.

Profile of cooperatives in 2001 A.D. – Scenario I (Crisis Points Approach)

The central issue likely to arise before cooperatives in the year 2001 A.D. would be of continued relevance, and therefore, their very survival - to the society at large a society made up of a huge human system of 960 million people, still predominantly agricultural and therefore, rural with a sizable population struggling to eke an existence, and with a majority living below the poverty line.

The most crucial challenge before cooperatives in the year 2001 A.D. would be that of survival as a potent agents of socio-economic change. The threat to their survival would emerge as much due to internal weakness and external interference, as the lack of their social relevance, especially for those belonging to weaker and vulnerable sections. For, given the present trend of their selective concern for membership, and excessive importance to economic status and other socio-economic variables of the individual, while dispensing their services, cooperatives might end up with an effective coverage of only a micro-scopic minority.

To become relevant, cooperatives would have to establish extensive linkages with the wider social system, closely identify their objectives with those of weaker and vulnerable sections of the community, eschew local pressures to serve the interest of the affluent few, and devise systems and structures that permit active participation and involvement of the people. Sensitivity to the needs of the community, greater accountability to member for results and performance and inner strength and resilience would have to be developed. Membership education, adoption of systems that would permit many to many communication, diffusion of power, and decentralization of structure would have to be widely encouraged and

Similarly, concern for efficiency, effectiveness and economics of operation would have to be more acutely displayed and manifested. Cooperatives, if these had to survive would have to perform and deliver goods in an efficient and effective manner. Management styles, processes and practices, suitable to cooperatives, greater coherence between democratic leaders and professional and technical manager, closer integration vertical as well as horizontal in different branches of cooperatives, would have to be evolved and achieved.

Profile of Cooperatives in 2001 A.D. – Scenario II (Modelling Approach)

On the basis of a quick appraisal and an historical review of the

processes of cooperative development in India, it would seem that for realising an effective, member oriented, and sensitive cooperative system at the base level, the following major input variable must obtain :

- i) A techno-professional body responsible for cooperative enterprise development, like NDDB, (National Dairy Development Board)
- ii) A professional body responsible for management and staff development and training, like/IRMA, (Institute of Rural Management)
- iii) A Centre for Transfer of Technology, like Vasantdada Sugar Institute/Agricultural Universities.
- iv) A supportive legal framework.
- v) An institution responsible for encouraging members-education, leadership development, and raising membership consciousness and changing their attitude;
- vi) A cooperative development financing institution like NCDC (National Cooperative Development Corporation)
- vii) A mutually supportive vertical structure consisting of primaries at the base, and union and federations at the higher levels;
- viii) A professional body with a stake in cooperative development and responsible for carrying out periodic management audit of cooperatives like NABARD (National Bank for Agricultural and Rural Development)
- ix) A dependable organisational framework within or without the cooperative system, for assured supply of needed inputs, and marketing of outputs;
- x) A professional body responsible for audit of accounts of cooperatives.

These are only internal variables, which may be within the cooperative system and may influence the system. But there are environmental variables as well, which may influence the cooperative system: These may include :

- i) Programmes for agrarian reforms and programmes for rural development including agricultural development;
- ii) Socio-economic structures within the community;
- iii) Political support from the top;
- iv) Government policies in relation to activities which are also carried out by cooperatives;
- v) Technological options available to cooperatives;

Profile of Cooperatives in 2001 A.D. – Scenario III (Strategic Management Approach)

Because of further fragmentation of land holdings, increased population pressure, scarcity of crude oil-based chemical fertilizer, and definite limits on increasing cultivable land under irrigation, the growth rate in agricultural production would most likely slacken in future in relation to the rate of increase in population, creating an acute scarcity of agricultural commodities. The number of landless agricultural labour would swell, increasing thereby the already bulging ranks of unemployed and under-employed people, especially in the rural areas.

Futuurologists have already predicted the widening of gap between the demand and availability of rural housing, a steady deterioration in quality of life, fast depreciation of conventional energy sources and continued threat to public health due to environmental and water pollution, by the turn of the present century.

In urban areas, the situation if anything would be worse. What with overcrowding, increased population, work place monotony and extensive mental retardation among people, urban life would be nearly night marish.

Social tensions and crime, urban, slums, transport bottlenecks, communication difficulties, urban decay, problems of disappearing land scape would all increase and multiply. Conventional education would practically become impossible and there would be hardly many opportunities for gainful spending of leisure time.

Institutional inadequacies, lack of opportunities to people to participate in institutions and systems, perennial nuclear threat, rapid deterioration in quality of life and fast amortization of non-renewable resources would also throw formidable challenges before the human systems and institutions including cooperatives, unless in the meanwhile, steps were not initiated, when there is time to do so, to evolve and implement a transitional strategy to reverse these trends, and all are not united to ceaselessly work for an acceptable, better and preferred future.

Opportunities

The Indian society of 2001 A.D. would be a huge complex system making exacting demands on resources, institutions and people. Herein would also lie the opportunities for cooperative to play their assigned role in building a more just society, free of exploitation and poverty, and endowed with an effective and efficient delivery system to sustain a minimum standard of living among the people.

Cooperatives would be expected to play an important role in the following key areas of the socio-economic significance.

- Combating poverty and exploitation;
- Providing urban services, particularly distribution of consumer articles, health care delivery, education care for the aged; opportunities for leisure time spending; transportation and travel;
- Increasing agricultural production
- Developing and sustaining non-conventional sources of energy;
- Selecting, transferring and diffusing modern technology;
- Persevering ecology and environment;

Threats to cooperatives

The major threats to cooperatives would come from growing alienation among member, cooperatives' increasing insensitivity to needs and aspirations of members, lack of efficiency in their operations, and failure to harness contemporary technologies on wider scale, and emergence of alternative forms of organisation state -- sponsored as well as voluntary well -- placed to compete with cooperatives.

Strengths

The potential strength of cooperatives would seem to lie in their participatory character and consequently sensitivity to the needs and aspiration of members, wider membership base, democratic management, their potential to rapidly transfer and diffuse technologies, progressive forward and backward linkages, and their widespread acceptability as instruments of social and economic change.

Weaknesses in cooperatives

In a Workshop on Cooperative 2001 A.D. organised by the VMNICM, Pune in 1980, the following were identified as weaknesses in cooperatives in years to come, though some participants felt that this was too sweeping a generalisation and could not be held universally valid for all cooperatives, in all situations : ³

- Anti-technology culture;
- Security seeking orientation, borne largely as a result of state spoon-feeding and a marked lack of desire to be self-reliant and an over-developed sense of dependence on others for survival and growth;

- Duplicity in role and character among some cooperative leaders-who might pontificate on democratic values, non-exploitation and cooperative philosophy in public, but lead an opposite life of an exploitor, autocrats and private-profit seekers in private;
- Anti-capital-accumulation emphasis in their working;
- Strong roots in traditions and the past, thus leading to conservatism and status quoism; a marked lack of desire to be innovative, to be experimental, to be creative - a certain amount of backward looking streak;
- Absence of rational temper, largely due to misplaced attachment to democratic sentiments and cooperative ideology, resulting in lack of concern for effectiveness, efficiency and economy.

What needs to be done

Having noted the opportunities for cooperative development in the future, it will be helpful if a board strategy and an action plan for their development in the future is also discussed here.

Objective

The objective of cooperative development should be help the community, especially the weaker and vulnerable sections, in their endeavour to uplift their socio-economic status, through self-help and mutual aid. Cooperatives must achieve this by universalising membership, keeping these specific target population constantly in view, while formulating strategies and action plans and managing operations.

Self-Reliance

To be effective, cooperatives will have to become self-reliant.. Self reliance would come as much out of the generation of internal resources as out of wider membership base, strong vertical and horizontal structures and effective and efficient management. Only through self-reliance would cooperative be able to achieve autonomy, free themselves from political interference, state control and vested interest. Without autonomy cooperatives will find it difficult to achieve their objectives and play their assigned role in an effective manner.

State Cooperative Inter-face

The state cooperative inter-face is an area of constant friction and

threat to the success and growth of cooperatives. It will, therefore, be of great help if state-cooperative inter-face were to take place only at the apex level organisations, which should then be free to encourage and develop such local structures and systems as may be found relevant in given circumstances. In this context, it may be appropriate that representative bodies should be created to determine the term and basis of exchange of state assistance and support with cooperatives performance and return. Without confining the scope of state-cooperative inter-face only at the apex level, and without evolving a basis of exchange of assistance for performance between state and cooperatives, it will be well-nigh impossible for cooperative to be free, self-reliant and autonomous. Appropriate changes in cooperative Laws, Rules and the powers of Registrar, Cooperative Societies, and other influencing factors and agencies may, therefore, become necessary.

Women participation

Hitherto women have found limited possibilities for involving themselves in cooperatives. Deliberate attempts will have to be made to increase involvement and participation of women in the working cooperatives.

Collaboration with other voluntary agencies

Similarly, attempts would have to be made to secure collaboration with other voluntary agencies particularly trade unions engaged in socio-economic welfare tasks to have to synergic effect in the shortest time.

The role of democratic leadership, especially in the face of increasing demand to professionalise management and transfer decision-making to technocrats, will also need to be re-defined. It will be, of course ideal, if cooperative leaders were to act as “watch-dogs” to safeguards members interest than “executives” of cooperatives.

The three scenarios discussed above should now provide an adequate basis for encouraging organisation of innovative cooperatives as indeed for framing agenda for cooperatives. Let us now turn to these topics.

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3. *Ibid.*

CHAPTER VI

Encouraging Innovation in Cooperatives

In the fast changing and dynamic environments, it is not so much the efficiency or even the effectiveness of individuals or institutions, as their innovative spirit that sustains them and helps them survive. Likewise, social systems have to constantly change, adapt and innovate, in order to be able to survive and grow. To this stark lesson of history, co-operatives must squarely address themselves, now that early signs of stagnation, drift and at times even social rejection can be clearly discerned.

Innovation in co-operatives or encouraging the organisation of innovative co-operatives, is not merely a question of broadening their existing social base or diversifying their activities in order to cover more economic areas. Rather, it should be seen as a creative break with the beaten track of co-operative development. In fact, it should be viewed as an institutionalisation of desirable responses to the unfulfilled needs of different, but particularly, the poorer sections of the community.

Innovation is a discontinuity, a departure, a break. There is an element of originality in it. It refers to a development that is better, different and more effective and efficient than what the existing conditions offer or permit. It is a creative action, a concretisation of a yet untried idea, that holds potential of pushing the society forward.

Clearly, an act of departure or discontinuity to be styled as innovative, must embody an element of desirability. What is desirable, of course, will call for a value judgment not an easy task even in the best of conditions. In order to obviate any possible mix-up with other forms of discontinuity, some criterion to determine as to whether a departure is indeed an innovation, will have to be evolved and applied. Here it will be helpful, if we were to begin by making a clear distinction between innovation,

evolution and replication. Evolution refers to natural organic growth and continuity of the present. Replication is duplication in similar conditions, of an existing physical or social reality. Obviously, neither replication nor evolution can ever be said to be an innovation. An innovation ceases to be an innovation, once it comes into being. Any successful attempt to repeat it, is either a replication or an imitation, but certainly not an innovation.

In the context of contemporary conditions in India, what will constitute an innovative co-operative ? The question begs a direct answer. But a possible clue can be found by first gaining a clearer understanding of existing co-operatives and later, of their objectives.

On the basis of their objectives, co-operatives can be categorized as under:

Type A co-operatives

These have their major objectives to act as a counter-vailing power, or an instrument of intervention in the market place, e.g. consumers' co-operatives.

Type B co-operatives

These have their major objectives to protect and promote the interest of a limited number of people, e.g. housing co-operatives.

Type C co-operatives

These have their objectives to create a non-exploitive society. Such co-operatives at least, theoretically, constitute essentially a transitory stage in the evolutionary process of developing the man, upholding his dignity and providing him with opportunities, for realizing his full potential. Here, a co-operative is a medium of education, and an instrument of change and social development, e.g., a village level multi-purpose co-operative.

No great flight of imagination is needed to perceive that Type A co-operatives are essentially imitation of state sponsored agencies and institutions. Type B co-operatives are mere replications of capitalist enterprises and initiatives, e.g. of partnership firms, private sector companies and large modern corporations.

Thus, any co-operatives organized with its objectives either to act as a counter-vailing power or to promote and protect the interest of a limited number of members, can not really be called an innovative co-operative.

In the same vein, it may be equally helpful to make a distinction between a co-operative society, a federal co-operative, and a co-operative industry.

A co-operative society has the objective of development of the man-its member. A federal co-operative, on the other hand, is an association of co-operative societies. A co-operative industry refers to an industry owned by a co-operative. As associations of co-operative societies and as industrial units, co-operatives, have, by now existed for years. Formation of either of these types of co-operatives can hardly be said to be an act of innovation. To claim that Indian Farmers Fertilizers Co-operatives (IFFCO), National Heavy Engineering Co-operatives (NHEC) and Petrofil Co-operatives are innovative co-operatives, is not only misleading but also patently absurd. Imitation of any existing institutional framework no more makes a co-operative innovative, than the mere fact of its registration by a registering authority makes it co-operative.

To be considered innovative, a co-operative must depart from the currently covered fields of socio-economic activities and should seek to mitigate hardships, provide avenues to an individual to uplift his status, develop him/her to full potential and thereby help create a society free from of exploitation. It is needless to emphasize that such an attempt must necessarily lead to the creation of an appropriate institution, that is effective, efficient and has the potential to survive as a potent agent of social and economic change within the contemporary social reality. For, no institution can really survive for any length of time, unless it constantly meets, effectively and efficiently, the needs of its members, and can arrange to invest resources as are required, to cover what it needs to operate itself and for its outputs. What holds for an institution equally holds for a co-operative society.

Conditions for innovation

Now, we turn to the nature of criterion that will help determine whether or not a particular discontinuity or departure in activity covered by a co-operative, can be said to be innovation. Given the objectives of an innovative co-operative, as have been elaborated earlier, any numerical shift from a few to many; any economic shift from better-off to the poor; any organizational shift from centralization to decentralization; any management shift from autocracy to participation; any shift in a co-operative's orientation from purely economic to socio-economic or any other shift that takes the community from conditions of exploitation to non-exploitation; ignorance to enlightenment; dependence to autonomy;

traditionalism to modernity; from elitism to democracy; and from staticism to dynamism, will surely be a step towards innovation.

Thus, the determinate of innovative co-operatives are essentially social, and in essence are, in their nature, steps that aim at to combat poverty, exploitation and inequity, and seek to help the individual to best shape his future accordingly to his own wit and wisdom. These determinate also, in a way, help ensure universality of peoples' participation, modernization of processes and institutions and widespread social development. Since the process of social development can hardly be initiated without economic development, economic issues receive high priority in these determinate. The question here is essentially of priorities, and not of which is more or less critical for the attainment of ultimate objectives.

It has already been pointed out that the innovation is an act of creation - a creative response to a social disequilibrium. Whenever there is disequilibrium between social needs and surrounding environments, the conditions are ripe for innovative co-operative. The social needs may be latent and dormant or obvious and visible. Insatiated needs and inability of the surrounding social reality to fulfil such needs are the minimum conditions for a creative response. But this response needs a medium - a personality or at best a minority - that will perceive, articulate and help the society to meet its needs. Thus, when the innovation is "in the air" presence of leadership is an essential pre-condition for the emergence of a innovative co-operative : "All acts of social creation are the work of either the individual creator or at most, of creative minorities, and at each successive advance the great majority of the members of the society are left behind".

Role of co-operative leadership

Without effective leadership, no act of creation is possible. Likewise, without co-operators, no innovative co-operative can come into being. So it is "useless to maintain that social progress takes place by itself, bit by bit by virtue of spiritual conditions of the society at a certain period of its history. It is a really leap forward which is only taken, when the society has made up its mind to try an experiment. This means that the society must have allowed itself to be convinced or at any rate allowed itself to be shaken and the shake is always given by somebody". Nothing can describe the role of co-operative leader better than the following qualities and qualifications as given by Bergson in respect of growth of civilisation : "a double effort is demanded, an effort on the part of some people to make

a new invention and an effort on the part of the rest to adopt it and adapt themselves to it. A society can be called a civilisation as soon as these acts of initiative and this attitude of docility are both found in it together”.

As a matter of fact, the second condition is more difficult to secure than the first. The indispensable factor which has not been at the command for the uncivilised societies is in all probability not the super personality : (there seems no reason why nature should not have a certain number of these felicitous vagaries at all times and places). “The missing factor is more likely to have been the opportunity for individuals of this stamp to display their superiority and disposition to other individuals to follow their lead”.

The option that a leader has in such cases is either to enthuse each individual i.e. to establish a soul to soul communion, or to drill them to such a degree of perfection that each individual becomes more or less a blind follower of the leader. The first is the function of education, persuasion and discussion, the second is that of moulding and exacting a particular response. Failure to take along the majority is bound to lead to social defeat and set-back in the society.

Areas of co-operative innovation

The main purpose in organising a co-operative is to lead the community towards a co-operative society - a society that is free from all types of exploitation, a society that provides full opportunities to an individual to grow and develop and a society that enables each individual to live a life of dignity and purpose. Several fields of social and economic endeavour are in different stages of co-operativisation - agriculture, household consumption, house building, health, education, rural industries etc. Yet the inter-play of growth of modern technology and revolution of rising expectations among the people has thrown several new areas where co-operative initiative is possible. The list given below is only illustrative and not exhaustive. It can certainly be enlarged to include basic needs and aspirations of different sections of the community.

- Combating poverty, especially among those who are endowed hardly with any resources.
- Transferring technology, especially, to members of the weaker sections of the society.
- Utilizing water, especially underground water.
- Developing alternative sources of energy, especially from bio-gas, sun-light and wind.

- Preserving ecology and environment.
- Developing and maintaining human resources through public health, education, family planning etc.
- Providing social, cultural and recreational facilities especially through travel, publication of literatures and preservation of arts and folklore.

That there is a need to display innovative behaviour by co-operatives in some of these areas is obvious. That some other areas may soon cry for attention is also fairly obvious. But the important question is who will respond and how, so that gradually, but surely, co-operatives do cover all these areas, and once again become socially relevant to the mass of our people.

To be effective and meaningful, the response must come from within those sections of the community, which are faced with social disequilibrium. These must throw up leadership, although their travail can be smoothed and their efforts made more productive by providing help, support and guidance at appropriate levels.

Necessary steps

The steps necessary to provide such help, support and guidance include : co-operative education, sensitisations of registering authorities and financial institutions so that the three-stage process of institution building-idea-people-institution-can be gone through smoothly; support through public policy and programmes - some of permanent nature but many, essentially of transitory character, but strong enough to ensure that co-operatives overcome all teething troubles; expert consultancy services made available especially in the initial stages; and building quick and effective linkages with other relevant organisations, within the co-operative system.

Hitherto these supportive roles have been played by the government; but the bias and preference for area of co-operative innovation have been basically political and not social, or else, have not been linked to any genuine urge to spread the co-operative activity. Continued reliance on the government in order to see the emergence of innovative co-operatives will be naive. A more sensitive institutional mechanism with firm commitment to co-operative spirit alone can effectively perform these roles.

Once such a responsive institutional mechanism is created, the first step towards encouraging organization of innovative co-operatives would have been taken in the country.

CHAPTER VII

An Agenda for the Future

Co-operatives, as dynamic, inner-directed, socially responsive institutions have or ought to have, their own momentum, and should shape their own future even as leadership seeks new avenues, managements encourage innovation and membership builds more pressure.

Co-operatives can thus have neither an agenda, nor a pre-determined design to model themselves.

The context, leadership concern, basic values and similar other considerations, essentially determine the pattern and pace of co-operative development.

Thus an agenda for the future, in the context of co-operative development, can only be for the co-operative leadership.

Co-operatives in India - some reflections

With 89 years long history and traditions behind, the co-operative movement in India still stands on cross-roads. Even as the society at large is undergoing a revolution of rising expectations, more and more people especially from the weaker and vulnerable sections of the community are drifting away from the co-operative fold. That is the case, despite co-operatives' extensive diversification, added strength, countrywise coverage, massive institutional structure and large scale membership and goodwill of the government, the intellectual and the society at large. The co-operatives are by and large still perceived as government sponsored institutions, at times even as appendages of the sprawling state administrative apparatus. This is so despite impressive performance of some co-operatives in key areas of the economy - agriculture credit, marketing and processing, retail distribution, housing and others.

The central issue likely to arise before co-operatives in the future, say by 2001 AD would be of continued relevance, and therefore, their very survival - to the society at large--a society made up of a huge human system of nearly 1000 million people, still predominantly agricultural and therefore, rural, with sizeable population struggling to eke an existence, and with many still living below the poverty line.

India that will be

Because of further fragmentation of land holdings, increased population pressure, scarcity of crude oil-based chemical fertilizer, and definite limits on increasing cultivable land under irrigation, the growth rate in agricultural production may yet fall in future in relation to the rate of increase in population, creating an acute scarcity of agricultural commodities. The number of landless agricultural labour would swell, increasing thereby the already bulging ranks of unemployed and under-employed people especially, in the rural areas.

Futurologists have already predicated the widening of gap between the demand and availability of rural housing, a steady deterioration in quality of life, fast depreciation of conventional energy sources and continued threat to public health due to environmental and water pollution, by the turn of the present century.

In urban areas, the situation if anything would be worse. What with overcrowding, increased population, work place monotony and extensive mental retardation among people, urban life would be nearly nightmarish.

Social tensions and crime, urban slums, transport bottlenecks, communication difficulties, urban decay, problems of disappearing landscape would all increase and multiply. Conventional education would practically become impossible and there would be hardly many opportunities for gainful spending of leisure time.

Institutional inadequacies, lack of opportunities to people to participate in institutions and systems, rapid deterioration in quality of life and fast amortization of non-renewable resources would also throw formidable challenges before the human systems and institution including co-operatives, unless in the meanwhile, steps were not initiated, when there was time to do so, to evolve and implement a transitional strategy to reverse these trends, and all were not united to ceaselessly work for an acceptable, better and preferred future.

What is the type of future that could be envisioned for India in 2001

AD? what would be the role of co-operatives in bringing about this future, and in that future ? What are the alternative scenarios of co-operatives in the year 2001 AD ?

These are some of the issues that need to be squarely addressed by co-operative leadership, if only to ensure continued relevance of co-operative to the wider society.

A trend analysis of co-operative development, as stated earlier, would show that :

Remoteness in man-co-operative relationship, and insensitivity of the co-operative to the needs and aspirations of its members, undefined state co-operative relationship, leading to loss of autonomy, and frequent state interference, widespread politicisation of co-operatives and growth of so called vested interest might get further accented. At the same time, an increasing number of people, especially the poor, the vulnerable and the weak, might continue to live and work beyond the effective pale of co-operative activities. Emergence of top-heavy structure with apex co-operatives enjoying neither legitimacy nor sanctions over their affiliates, whole-some acceptance of management practices, values and ethos developed and found successful in private, profit-seeking enterprises, and general abdication of larger social goals by co-operatives for promoting the interest of a limited few, are some other dominant trends, which probably, might also continue.

Why some co-operatives succeed ?

The following attributes are generally identified for the success of co-operatives in India : sensitivity to the needs and aspirations of members, value added processing of members' produce/output and the use of advanced technologies, wider membership base, efficient management and economy in operations, controlled competition, extensive programme for member education, provision of extension services, and programmes for transfer of technology, assured marketing of members' produces, progressive forward and backward linkages and above all the presence of a dominant personality or a genuine co-operative leader.

Reasons for failure

One may also list some of the principal factors that contribute to the failure of co-operatives. These are closer state involvement leading to insentivity, non-viable operations, security-seeking orientation among co-operative managers, lack of structural support from above, and mis-

conceived perception of the principle of democratic control, leading to small size and limited turnover. Restricted membership, domination by hostile interests, faulty decision making by lay office bearers; excessive politicisation; unhealthy co-operative-employee relationship, absence of appropriate management style and practices, and failure to work in unity with other people and voluntary agencies are some of the other factors.

Challenges in the future

Retaining continued social relevance, partly based on demonstrated evidence of the ability to help ordinary member/worker to increase his income, and ordinary consumer to get better value for the money, and to bring about real, manifested change in the socio-economic relations, will be a crucial challenge before the co-operatives. Closely related to this challenge, will be the imperative to help modernise production system, diffuse appropriate technology at the farm/work place level, and innovate structures and organisational arrangements, so that co-operatives continue to remain dynamic and hold their popular appeal.

The concern for efficiency, effectiveness and economy of operations will have to be more widely displayed, and on a more extensive as well as intensive scales, than what has hitherto been possible or realized.

Compassion and sharing, at the same time will have to remain the inspiring values for the co-operatives.

Evolving anticipatory culture

Thus, co-operatives will need to develop a rational, technology-seeking, anticipatory culture so as to be in a position to tackle the challenges that shortfall in agricultural production, massive unemployment, energy crisis, deteriorating quality of life, and the imperatives of achieving a sustainable growth rate together might throw.

Above all, co-operative will need to face the challenge of functioning as an integrated system - a system that is vertically as well as horizontally, integrated and yet responsive, sensitive and directly accountable to the community at large. such a system will have to work to satisfy the large body of its membership, in the face of challenges from other competing systems. Multi-agency approach has come to stay and would be widely practised in the future. Co-operatives will have to carve out a place for themselves in the wider socio-economic system on the strength of their social relevance, effectiveness and the ability to serve the community, at the least cost.

Opportunities for co-operatives

The Indian society in the near future i.e. by 2001 AD will be a huge complex system making exacting demands on resources, institutions and people. Herein will also lie the opportunities for co-operatives to play their assigned role in building a more just society, free of exploitation and poverty, and equipped with effective and efficient delivery systems, that are capable to sustain a minimum standard of living among the people.

The co-operatives will have to play an important role in the following key areas of the socio-economic significance.

Boosting farm production

The demand for food and non-food commodities would warrant a rate of growth of 2.5 percent to 4 percent per annum in agricultural production - the exact figure depending largely on the rate of growth of population and the gross national product. Technological capabilities to ensure this target growth do exist. However, with the distribution of holdings and their further fragmentation in years to come, an increase in production by 3.5 to 4 per cent per annum would not generate adequate demand to sustain that production, nor would it eradicate rural poverty. It has been estimated that even with 4 percent per annum growth in agricultural sector, 35 per cent of the rural households would still be below the poverty line in the year 2001 AD.

Besides, if the existing structure of land holdings were to continue, any increase in production above 3 per cent per annum would result in glut inspite of the fact that food and fiber requirement of a large number of households would go unsatiated.

Increasing farm productivity

To avoid this situation, it would be necessary to inject more purchasing power among the low income rural households. Increase in agricultural productivity, specially in small farms would be possible only if a system of group or joint farming were to be introduced. These farms should be organised to achieve an effective interface with various external delivery systems and to smoothen the process of transfer of technology from research stations to the farms. Herein would lie the first major opportunity for co-operatives.

Supply of inputs and effective marketing of outputs

Supply of agricultural credit and other essential inputs, transfer of technology, access to capital intensive equipment, implements and machinery, community surveillance of crop and farms, scientific storage, primary processing and marketing would all assume importance in case the food demand of the population had to be adequately met, wastage avoided and a reasonable return to the producer ensured. Co-operatives would no doubt have to emerge as a most significant institutional structure in this area as well.

Subsidiary industries

For majority of small farmers, supplementary occupations, which produce high value products, and at the same time are more labour intensive provide a feasible alternative to continued poverty. Through such supplementary occupations as dairying, piggery, horticulture, vegetable gardening and fisheries, small farmers can succeed in making a meaningful impact in these industries, only if they enjoy an organizational support of a system that is sensitive to their needs, and ensures a fair and assured return for their labour. Therein lies another opportunity for co-operatives to build a sound base in the rural areas. Fisheries sector can be identified as another major area where greater opportunities for co-operative shall occur.

Rural poverty and workers' co-operatives

Rural poverty is as much due to unemployment and under employment as due to inadequate and unfair return on the labour to a person, who having put in a full day work, is yet denied a fair deal. Helping small farmers in taking up supplementary occupation could mitigate rural poverty in so far as small and marginal farmers are concerned. Co-operatives can undoubtedly play an important role here.

In so far as rural artisans are concerned, co-operatives can help to organise, and then initiate them into the mores of modern market and culture of technology, provide basic inputs, give opportunities for skill improvement and transfer of technology and help to establish viable linkages with external markets. India has a rich tradition of rural industries. But over the years the number of rural households depending on rural industries has been on the decline. This trend needs to be reversed. Co-operatives can help a great deal in providing institutional support not only to enable rural artisans to ensure a reasonable return

for their labour, and thus help combat rural poverty, but also ensure preservation of rich cultural heritage of the country.

This would then be yet another opportunity for co-operatives to help the weaker sections to improve their socio-economic status.

Urban services

Rapid urbanization and a steady deterioration in quality of life could throw many challenges in so far as serving the urban citizen is concerned. Urban services would become scarce and expensive. These services would include besides reaching the product of the farm and factory to the consumer, urban housing, transportation, health care, education, leisure time spending and quality of life. Co-operatives, at the moment, are mainly engaged in retail business and housing, but the opportunity for them in the future would seem to lie in taking an integrated view of the needs of the urban community and creating extensive institutional structures that meet the total needs of an urban household. These needs may be in the areas of daily consumption articles, housing, transportation, recreation, health care, and care of senior citizens / older people. Innovative approaches, radical change in old perceptions, giving a new meaning and orientation to the activities of existing urban co-operatives and closer structural integration, would all be required to turn these opportunities in the future to the advantage of co-operatives.

Energy crisis

It is now recognized that the society would face an acute energy crisis in the future. Conventional sources of energy, which are after all non-renewable, would either soon exhaust or be found inadequate to meet the ever increasing demand of energy. Communal attempt to tap bio-systems, wind, solar system and similar other cleaner, renewable sources of energy would appear to be the only means that could meet the energy needs in the future, especially in the rural areas. Co-operatives, based as these are, on community approach for solving social problems, would be ideally suited to meet the challenges of energy crisis.

Having done a capability analysis i.e. identification of strengths and weaknesses of co-operatives and noted the opportunities for and threats to them in the future, let us now restate the objectives and formulate an agenda for their development.

Objectives

In order to remain relevant, it will be necessary that the objectives before the co-operatives are re-stated, somewhat on the following lines.

It is to develop a country-wide chain of co-operative in order to assist the community at large, but particularly the more vulnerable sections, in its endeavour to improve its social and economic conditions through self-help, and mutual aid; support from the state will be accepted and utilized to the extent it under-scores the voluntary nature of the community effort.

The agenda for the future

With a view to achieving the above objectives the following Agenda is presented.

1. Making Co-operatives Responsive

The first item on the Agenda is formulation of an action programme for gradually turning existing co-operatives into genuine co-operatives, which are inspired by the basic values of equity and equality, self-help and mutual aid, and non-exploitation, are sensitive to the urges and expectations of membership, and are free to shape and determine their future. In short, it is to make them responsive, sensitive, pro-active institutions, inspiring and fostering the values of co-operation, namely combating exploitation, removing disparities and increasing members' incomes.

There is however, an historical process in co-operative development. Co-operatives pass through a similar path, marked by excessive external stimuli and pressures built by officials or political workers. Ultimately, however, a co-operative in order to become a mature organization must, become self-reliant, self propelled, and self-directed - a responsive institution.

What needs to be done ?

In order to make co-operatives responsive, it will be necessary :

- a) that a plan is prepared for de-officialization, depoliticization and defederalization;
- b) that capital accumulation and self-help are emphasized;
- c) that system and procedures are introduced to encourage greater

participation and involvement of ordinary members through devices like problem centred study groups, development oriented sub-committees, and better-living discussion groups;

- d) that plans are prepared and implemented for extensive education, including on problems encountered in day-to-day life on members;
- e) that membership is universalized to the extent it is possible, and women are accorded more opportunities;
- f) that elections to the committees are held periodically and fairly;
- g) that the role of the state administrative set-up, particularly of Registrar of Co-operative Societies, and Development Agencies like NABARD, NDDDB and NCDC is re-defined, so as to ensure and retain responsiveness of co-operatives, and
- h) that co-operatives innovate to meet the increasingly complex needs of the community.

2. Planning for Development of Value Adding Co-operatives

At a particular stage of economic development, but particularly in pre- development stages of an economy, provision of farm inputs, particularly credit, is of utmost importance. Co-operatives in the country were therefore, conceived, designed and organized to substitute money lender- cum-village trader in order to provide credit and later other inputs, and still later to help market the output. That was necessary, indeed vital at that stage of development, and did prove useful.

But now the co-operatives as well as the economy of the country has reached a stage where an input supplying co-operative - and this includes the credit (short term as well as long term) structure - appears to have outlived its utility as well as *raison d'être*. The most successful co-operatives in India, as elsewhere are those which are engaged in value-added processing/ production activities, and which integrate input-supply with other developmental tasks and marketing to create a superior techno-economic system. This system, thereafter aims at to employ advanced technologies at the processing plant as well as farm level to help members increase their production, productivity and incomes.

Co-operatives in the future will have radically to restructure themselves to become integrated micro-systems, on the lines of milk co-operatives in Gujarat, sugar co-operatives in Maharashtra and oilseed co-operatives in Madhya Pradesh, and take-up value-added activities on an extensive scale. This is as much true of agro-based co-operatives as for handloom, handicrafts and other types of workers co-operatives.

What needs to be done ?

In order to restructure existing co-operatives to become value added co-operatives, it will be necessary:

- a) that more output based processing co-operatives, employing value added technologies are organised, and the input supply and other developmental tasks are integrated with the main tasks of value addition and marketing of outputs;
- b) that appropriate technologies are evolved / identified /assessed and then employed while undertaking value-added activities; and such technologies are continuously upgraded;
- c) that co-operatives gear themselves not only to seek markets for the member produce, but also undertake extension and farmer training activities on an extensive scale;
- d) that co-operatives establish direct linkages with Research and Development Centres, Agricultural and Technology Universities and similar other centres of excellence, in order to choose and transfer appropriate technology from these centres to the farm / work place of their members; and
- e) that co-operatives undertake, besides supply of credit and other inputs, and extension and training, services like supply of water and electricity distribution and other tasks as may be related to infrastructure development but, all in an integrated manner.

3. *Improving Productivity of Co-operatives at all Levels*

Co-operative have so far survived and grown in several parts of the country, largely due to state support. The under-pinning of this support was rooted in the ideology of the ruling elite, that co-operatives were ideally suited to the country's milieu and these were capable of tackling the gigantic task of social and economic development. It is likely that this ideology may soon get diluted, or, even substituted by a new ideology characterized by liberalization and privatization. The watchwords under these new circumstances will be increasing productivity. Only those who are keen on improving their productivity will be supported by the state as well as by the market. The next item on the agenda, for co-operative development therefore, must be formulation of a broad strategy to improve productivity of co-operatives.

The concept of productivity as applicable to a co-operative, implies efficiency/or cost of services provided by the co-operative to its members

and of land, capital and labour of its membership. Improvement of productivity at both levels should engage attention of the co-operative leadership.

What needs to be done ?

In order to improve productivity of co-operatives, it will be necessary:

- a) that each co-operative gears itself to increase its efficiency i.e. reduce cost of its services, by improving productivity of its two major input-resources; namely labour and capital;
- b) that each co-operative undertakes a comprehensive survey to rationalize its man-power, improve its skill level by suitable training and then to keep its morale and motivation high;
- c) that each co-operative chooses and employs (and wherever necessary up-grades) technology, and consequently achieves higher productivity of capital;
- d) that each co-operative prepares and implements a comprehensive plan to increase the productivity of member's land, capital and labour, through extension, training, support services, transfer of technology, assured marketing at fair price for the produce, and efficient procurement, transport and storage system;
- e) that each co-operative ensures that members produces are marketed at a fair price.

Supportive steps

With a view to giving a shape to the above Agenda items, the following steps will also have to be simultaneously taken.

Towards self-reliance

In order to be effective, co-operatives will have to become self-reliant. Self reliance shall be achieved as much by generating internal resources as by enlarging membership base, building strong vertical and horizontal structures and effective and efficient management. Only through self-reliance would co-operative be able to achieve autonomy, free themselves from political interference and ward off onslaughts from hostile interest. Without autonomy co-operatives will find it difficult to achieve their development objectives and play their assigned role in an effective manner.

State co-operative interface

The state co-operative interface is an area of constant friction and threat to the success and growth of co-operatives. It will therefore, be of great help if state- co-operative inter-face were to take place only at the level of apex organisation, which should then be left free to work-out such local structures and systems as may be found relevant in a given situation. With a view to operationalising such an arrangement, it may be appropriate to create a representative body, which may then determine the terms and basis for providing state assistance and support with co-operative's performance and return. Without confining the scope of state co-operative inter-face only at the apex level, and without evolving a basis of exchange of assistance for performance between state and co-operatives, it will be well-nigh impossible for co-operatives to be free, self-reliant and autonomous. Appropriate changes in co-operative law, role and powers of Registrar, Co-operative Societies, and other influencing factors and agencies may therefore, become necessary.

Women participation

Hitherto women have found limited possibilities of involving themselves in co-operatives. Deliberate attempts will have to be made to increase involvement and participation of women in the working of co-operatives.

Collaboration with other voluntary agencies

Similarly, attempts will have to be made to secure collaboration with other voluntary agencies particularly trade unions engaged in socio-economic welfare tasks to have a symbiotic effect in the shortest time.

Ideological consideration

The basic ideological underpinning of co-operatives i.e. to eliminate exploitation of all sorts might have to be re-interpreted to imply combating poverty, unemployment, social and economic disparities and threats to the quality of life. Similarly, attempts would have to be made to clarify the implications of co-operative principles so that these are not taken to imply furthering the interest of few at the cost of many, valuing democratic control at the cost of efficiency and economy of operations, not to accumulate capital for growth and development, and not to employ advanced technology, wherever necessary, for helping the poor and the weaker sections of the community. Rather, the co-operative principles

would be taken to imply co-operatives' increased responsiveness and sensitivity, effectiveness and accountability for results to the membership and the community at large.

Size of the co-operatives

The question of size of the base level co-operatives can be determined only keeping in view the imperatives of technology, nature and extent of expectations of members, type of competition, future plans for growth and development, quality of support available from external systems and imperatives of closer involvement and participation of members. Naturally the ideal size would be highly situational but small enough to retain sensitivity and responsiveness to the needs of its members and large enough to be viable, to be able to employ advanced technology and to serve members and protect and promote their interests.

Structure of co-operatives

Ideally, the co-operative movement should be structureless. But that might not be possible, given the dynamics of surrounding realities. It will be however, necessary to keep in view that co-operative structure has only one purpose : namely, to enhance the ability of the primary co-operative to serve its members effectively, efficiently, economically, continuously and without impairing its sensitivity and responsiveness to the needs and aspirations of its members.

Apparently changes in the conventional role, functions and place of co-operative organizations especially at the federal level would have to be introduced to permit greater participation of individual members in the management of a primary co-operative. Only then would make it more amenable to their needs and aspirations. At the same time, it might call for the creation (and acceptance) of a single unified decision making body within the federal co-operative, enjoying suitable legitimacy and sanctions over all the affiliated units, for each branch of co-operative movement.

Mobilization of resources

The development of co-operatives on the above line would call for massive mobilization of financial and human resources, more so when the whole system has to be decentralised and made participative and democratic. It will call for detailed planning, the development of

appropriate structures and systems for education of members and potential beneficiaries.

Mobilizing public support

The action plan given above can be implemented only if it gains acceptance by political leadership, and the necessary political and administrative processes are initiated to support and reinforce the planning effort of the co-operative leaders and members. It might not be easy, given the political indifference to the problems of co-operatives, in the past. A strong public opinion supported by detailed planning however might help alter the situation and therefore, should be given a try.

As it has been proposed to make co-operatives self-reliant, autonomous and free from government control, it would naturally resulting in a loss of authority, power and opportunities of extending patronage among a section of the bureaucracy, specially at the lower levels. It needs to be noted here that similar attempts in the past especially in the development of dairy co-operatives in India, have been frustrated because of the sustained opposition at the lower level bureaucracy. As strong political support, persistent efforts of co-operative leaders and massive public opinion would alone help over-come this opposition.

Development of human resources

Finally, the toughest problem likely to be encountered in the implementation of the above plan would be non-availability of trained, skilled motivated personnel that are required to make the plan work. People trained in diversified fields, effectively organised and allocated to productive jobs would alone help to make the co-operatives viable, strong and compete effectively in the market place. Non-formal approaches and non-institutional devices and innovative techniques would have to be evolved and implemented to train the massive man-power that would be required for the purpose. The existing facilities are simply inadequate for the purpose.

Co-operatives do indeed face formidable challenges in coming years, but there also lie several opportunities. Will co-operatives seize them ?

PART - II

Public Policy Framework

CHAPTER VIII

Public Policy & Cooperatives

A useful way to analyse and study public policy framework and behaviour of development organisations in a country, is through global modelling.

The concept of global modelling has emerged in recent years. It refers to building models of a given "reality" perceived as a system and incorporating therein all possible variables present in the "reality", as well as in the environment surrounding the "reality". Globality here refers to the comprehensiveness of the universe covered in the model in terms of sectors and /or variables. A global model may cover one or more socio-economic sectors, or, the entire world, or, a region or, a country.

Two sets of variables, present in the system, are included and described in a global model e.g. endogeneous variables which influence the system and are also influenced by the system, and exogenous variables which influence the system but are not determined from the system. A global model, in a way, describes the inter-play between these two sets of variables.

The present state of co-operatives can also be viewed as a system.

On the basis of quick appraisal and an historical review of the process of co-operative development in India, It would seem that the following are the endogeneous elements in the "model" of co-operatives in a state, in India :

- i. a state administrative set-up under the charge of Registrar, Cooperative Societies and his field staff, with plan and non-plan financial outlays for development and maintenance of co-operatives;
- ii. a state co-operative society act, administered by the Registrar Cooperative Societies, for regulating the working and operations of cooperatives;

- iii. apex level co-operatives organised by affiliated co-operative, but financially supported by the government, for extending support to the affiliated co-operatives,--the quality of their leadership and professional staff;
- iv. primary level co-operatives controlled and managed by members, providing the needed services to them, and the quality of their leadership and professional staff;
- v. a training system funded by the government and designed to provide skill--forming and development training to staff of co-operatives at various levels;
- vi. National Co-operative Development Corporation (NCDC), a statutory body responsible for development of agro-based and non-credit cooperatives of handloom, fisheries, weaker sections etc;
- vii. National Bank for Agriculture and Rural Development (NABARD) - a statutory body set up essentially for refinancing co-operatives and commercial banks providing credit for agriculture and rural development;
- viii. National Dairy Development Board (NDDB) a statutory body set-up for the development as well as financing of milk co-operatives, oilseeds co-operatives and similar other producers' co-operatives;
- ix. a statutory system for audit of co-operatives at all levels;
- x. a string of development organisations-statutory and non-statutory-like All India Handloom and Handicraft Board, Khadi and Village Industries Commission and Central Silk Board, -- for development of traditional village industries, if possible, through co-operative form of organisation.

Other variables

It is however, known that there are some exogenous variables in the environment, which also influence the pace, pattern and thrust of co-operative development. These are :

- i. programmes for agrarian reforms, and agricultural and rural development;
- ii. growth in agriculture and productivity increases;
- iii. ideology of the political party in power in a state;
- iv. prevailing socio - economic structure within the community;
- v. public policy for development and growth of economic activities that

are also carried out by co-operatives;

vi. technological advances and access of co-operatives to such advances.

The contour, complexion and limits to development, of co-operatives are determined by the interplay of the above institutional/policy variables.

In order to gain an understanding of the process of co-operative development, it will be useful to discuss and review the role, in recent years of each of the above major variable.

Before discussing the role of some of the major variables, it will be helpful to describe the desired state of developed co-operatives in the contemporary context. The following may be seen as the essential features of a desired state of developed co-operatives, at the present level of socio-economic development in India.

- balanced, that is the development of co-operatives should be without regional disparities;
- comprehensive, that is, co-operatives should effectively cover all sections, particularly weaker, of the community; and
- integrated, that is, there should be a net-work of mature cooperatives which are organically integrated with the members' needs and activities.

An ideal, integrated and mature co-operative, which has been found to be effective in the contemporary socio-economic environments, has the following attributes; it:

- a) encourages extensive members' participation, and is integrated with members economic activities;
- b) helps members to increase their incomes;
- c) assists members to increase their productivity;
- d) achieves high productivity in its own operations;
- e) covers membership widely;
- f) moves towards self-reliance;
- g) forges extensive viable linkages with the wider community; and
- h) undertakes promotion of social and cultural activities.

The above list in a way, reflects the basic values of a co-operation, as indeed the national priorities, goals of planning and above all imperatives of orderly socio-economic development in the country.

The above desirable features of a mature co-operative must be seen

as the ends toward which government and all development agencies must constantly aim, while promoting and supervising the co-operatives.

Incidentally, it may be added here that most successful co-operatives having the above attributes had originally emerged at the initiative of the local leadership, and not in response to the intervention by any government official or a development agency.

Let us now examine the role of the government and the Co-operative Development and Financing Agencies viz-a-viz co-operative development, and the extent to which these agencies have been able to nurture co-operatives towards the desired state.

Role of the government

Briefly stated, the role of the government in the co-operative development can be discussed in terms of :

- financial out-lays for co-operative development in successive Five Year Plans and the role of major Co-operative Development and Financing Agencies;
- public policy frame-work for co-operative development;
- legal frame-work for development of co-operatives and the role of Registrar, Co-operative Societies.

Financial out-lays on co-operatives in Five-Year Plans

The co-operatives were perceived, in the early stages of planning era, as ideal instruments for the transformation of the rural society, these were in fact, accorded a place of pride in the initial stages of planned economic development. Together with the village school, and the village panchayat, the village co-operative was seen as the third pillar of the democratic life of a rural community.

The co-operatives at that time, were a mere vision, to turn them into reality, the governments had come out with offer of financial assistance, under various planned schemes, for their development, growth, maintenance; diversification and education and training of their members and staff. Lately, however, this commitment to their development, as evidenced by financial outlays in the Five Year Plans, appeared to be getting somewhat diluted.

Table 1: Financial Outlays on Co-operatives in Five Year Plans

(Rs. in Crores)

Sr. No.	Plan Period	Outlay for Co-operatives	Total Outlay	Percentage of 3 to 4
1	2	3	4	5
1.	I Plan (1955-1956)	7	2,069	0.55
2.	II Plan (1957-1961)	34	4,600	0.74
3.	III Plan (1962-1966)	80	8,099	0.98
4.	IV Plan (1969-1974)	258*	24,900	1.03
5.	V Plan (1975-1980)	423	39,300	1.07
6.	VI Plan (1980-1985)	914	97,500	0.937
7.	VII Plan (1985-1990)	1,401	1,80,000	0.778

*Actual Expenditure.

Source: Plan documents, Planning Commission, Government of India, New Delhi.

Table I gives the financial outlays on co-operatives in the successive Five Year Plans. These have going down since the V Plan, though in fact, these should have gone up, because co-operatives need to diversify and expand in order to cover more crops and people. These need huge capital to be able to have access to latest technology. The co-operatives also face increased competition in the market place from the well entrenched private interests.

Role of co-operative development agencies / organisations

1. National Bank for Agriculture and Rural Development (NABARD)

In its present form, however the NABARD is a young organisation. Its origin can be traced back, to the early 50's, when the Reserve Bank of India undertook the responsibility of augmenting the flow of institutional credit to agriculture and set-up the Agricultural Credit Department (ACD). As credit co-operative societies were the mainstay of the co-operative movement, the ACD together with the Registrars, Co-operative Societies, in a way, determined, for many years, the character, thrust and pace of co-operative development. The NABARD is a successor to the ACD.

The NABARD has essentially been, and perhaps will always remain a banker with its primary concern has centred on the delivery of credit for agricultural and rural development. The channel for the flow of credit does not appear to be of any significant concern to it, nor, for that matter how the credit is ultimately utilized in the field. Witness the rising share of Commercial and Regional Rural Banks in disbursement of rural credit over the years, and the mounting overdues.

True, the entire credit structure owes its magnificent expansion and coverage to the support and assistance given by the NABARD, and erstwhile ACD/ARDC (Agricultural Refinance Development Corporation), but of late, it has shown no particular concern or even preference for the emergence of a genuine people's co-operative movement. It remains unmoved by the experiences of similar institutions elsewhere in the world, where credit given by a co-operative is effectively supervised and hence its utilization and timely repayment is assured. Non-viable primary co-operatives, sick central co-operative banks and weak state co-operative banks are all seen by it, as lacking in effective ability to deliver credit, and not as institutions devoid of character of a true co-operative, in terms of members' involvement and responsiveness to changing needs. Moreover in the absence of any linkages between credit supplying and output marketing / processing institutions, the gnawing phenomenon of overdues widely prevails and persists.

2. National Co-operative Development Corporation (NCDC)

The NCDC is the principal mainstream instrument of the Central Government for development of non-credit, (particularly agro-based, marketing and processing) co-operatives in the country. It has in recent years, also extended assistance to primary agriculture service co-operatives, handloom co-operatives, fishery co-operatives and co-operatives of the weaker sections.

During the 25 years 1962-1963 to 1986-1987 period, i.e.. since its inception, it has disbursed total assistance of Rs. 1,113.18 crores as shown in Table II.

Table 2: Disbursement of Assistance given by NCDC to Co-operatives during 1962-1987

Activity	Amount (Rs.in Crores)	Percentage to total
Processing	405.95	36.47
Storage including cold storage	358.83	32.23
Marketing	118.01	10.60
Co-ops. of weaker section	78.01	7.01
Inputs supply	31.22	1.58
Consumers Business	87.81	7.81
Credit	17.62	1.58
Integrated Co-op. District Programme	0.77	0.07
Miscellaneous and promotional activities including Training	14.97	1.34
	<u>1,113.18</u>	<u>100.00</u>

Of the total disbursement of Rs. 1,113.18 crores, Rs. 34.26 crores (Rs. 29.36 crores as loan and Rs. 4.90 crores as subsidy) were given to national level organisations. Of the remaining Rs. 1,078.92 crores that were given to the states, Rs. 50.90 crores, were given as subsidy and Rs. 1,028.02 crores as loan. The top five state, receiving subsidy were Maharashtra (Rs 6.43 crores), M.P. (Rs 5.34 crores), U.P. (Rs 4.48 crores), West Bengal (Rs 3.97 crores) and Gujarat (Rs 3.73 crores). U.P., Maharashtra, M.P., Punjab and A.P. accounted for nearly 56% of the total loans disbursed by the NCDC.

It will be, of course, harsh to attribute the prevailing regional disparities in co-operative development in the country, to this skewed outlay by the NCDC, yet the fact remains that the NCDC has shown preference for some regions (and some types of activities), while disbursing assistance.

As the NCDC assistance is guaranteed by the state governments and consequently the recovery of loan is by and large assured, it is difficult to comment on the actual impact of its assistance at the field level, only individual project-based appraisal would reveal the effectiveness of its assistance.

Some general comments however can be made on the basis of available information :

- bulk of the NCDC assistance (50%) had gone for infrastructural development; primary agriculture service co-operatives, marketing structure and co-operatives of the weaker sections.
- the NCDC assistance had been availed of by a few states only, and only for a couple of industries (sugar and cotton spinning).
- the NCDC assisted projects had at times been in-ordinately delayed with substantial over runs (some NCDC assisted Projects in the North Eastern India had been delayed for over 10 years).
- the NCDC assistance, it would seem, had been given more for setting-up agro-based industries, than for the development of integrated, members' responsive, mature, producers' co-operatives. It had not, for instance, assisted co-operatives, until recently, for providing extension, farmers training, technology transfer, development of co-operative infrastructure, and / or member's production enhancement activities.
- the NCDC assistance had been given on fragmented basis, in that its assistance for input supply, transportation, storage, marketing and processing was not given as a package, with the result that optimum impact could not always be achieved;
- the NCDC's back-up support in technology upgradation and marketing of output had been rather limited.
- the NCDC had at times shown preference for federal level co-operatives than primary level co-operatives, while extending its assistance for development of agro-based industries; and
- the NCDC did not opt to deploy any particular strategy for development of co-operatives of different types.

Having noted the above facets of the NCDC approach, it must be stressed here, that the extension of agro-processing co-operative, particularly sugar and spinning co-operatives, owes a great deal to the interest of, and support extended by the NCDC.

Similarly, the recent World Bank supported NCDC's scheme of creating storage facilities at the level of primary agriculture service co-operatives also should go a long way to strengthen the co-operative infrastructure at the base level.

3. National Dairy Development Board (NDDB)

The NDDB, which recently become a statutory body, after the merger of Indian Dairy Corporation with it, is responsible for the development of producers' co-operatives particularly milk co-operatives and lately, oilseed co-operatives. Somehow, it had always remained out of the mainstream co-operative movement in the country. Since its very beginning, it had set its own objectives, its own strategy and had tapped its own sources, often international agencies for financing development of milk co-operatives and lately also oilseed and tree growers co-operatives. The development of milk co-operatives, has been supported by the NDDB under three phases of, what is popularly called, Operation Flood.

Table III gives the investments made by the NDDB during the three phases of Operation Flood (OF).

Table 3: Financial Outlays in Operation Flood (OF)

	(Rs. in Crores)		
	OF-I(1970-71 to 1980-81)	OF-II(1981-82 to 1984-85)	OF-III(1984-85 to 1989-90)
Financial Outlays	116.50	270.17	681.29

Table IV gives the number of co-operatives under the ambit of the NDDB as on 30th June 1989.

Table 4: Number of Different types of Cooperatives Assisted by NDDB

Type of Co-operatives	Village Level	District/Regional Level	State Level	National Level
Dairy	59,803	170	17	1
Oil-seed	3,540	7	7	-
Tree Growers	52	-	-	-
Total	63,395	177	24	1

Table V gives the projected build-up of dairy co-operatives structure, participating families and milk procurement in the year 1994.

Table 5: Projected Number of NDDDB Assisted Cooperatives and their Coverage

	1981	1987	1994
No. of State Federations	10	22	22
No. of Milk Processing Unions	39	170	190
No. of Primary Dairy Cooperative Societies ('000)	13	47	70
No. of families covered (lakhs)	18	47	67
Average milk procurement (lakh liters per day)	26	85	137

In a way, the NDDDB is seen as a strong body, with a strong and committed decision centre at the top, enjoying considerable clout, so as to be able to influence the decision making processes even of the strongest state government. It has, over the years, standardised a framework for development of agro-based processing co-operatives within a three-tier vertical structure, called Anand Pattern each tier with a neatly defined role, functions, responsibilities and activities.

This has been its strength, as well as weakness. It is its strength, because it seeks to replicate some of the desirable features of a mature co-operative, but it is also its weakness, in that, it seeks to replicate a model without taking into consideration local social realities. It also, it is often commented, ignores the imperatives of developing strong local leadership.

The essence of the NDDDB model of co-operative development is the three tier structure - primary at the base, regional unions at the middle and the state federation at the apex, all closely integrated with each other, as well as with the farmer-members.

Thus, there are two kinds of integration, one between co-operatives in the three tiers in the vertical structure, and the other between this integrated structure and farmer-members at the base.

The vertical integrated structure basically covers the following three economic activities :

- a. Procurement, transportation and storage;
- b. processing; and
- c. marketing.

The integration between the integrated co-operative structure and the membership essentially focuses on production enhancement activities. These production enhancement activities in the case of an oilseed co-operative, for instance, may include the following :

1. setting-up of mobile teams for extension, member education, and providing linkages between the co-operatives and membership;
2. ensuring supply of inputs, including credit to members;
3. supervision of primary co-operative structure;
4. improved seed supply;
5. setting up of demonstration plots;
6. price support for output;
7. farm and extension training;
8. development of district farms;
9. research linkages with universities and development organisations;
10. monitoring of the above activities, and
11. setting-up of storage facilities at the primary level.

The performance of milk co-operatives as well as oilseed co-operatives has been by and large impressive, and these have indeed largely succeeded in helping members to realise higher incomes.

But the question still remains. Are not these co-operatives too much guided and controlled by the NDDDB? Is not the local leadership confined to play a secondary role?

But more on the role of these three agencies later.

The role of other development agencies at best, has been marginal and hence is not discussed here.

Public policy frame-work

Once co-operatives were seen to be ideal instruments of planned development. In some spheres, like supply of inputs, agricultural marketing and processing, public distribution system for essential commodities etc., at least these were the preferred agencies.

Multi-agency approach to the flow of agricultural credit

But, here again has fallen the dark shadow between the lofty ideals enunciated at the top and the mundane practices in the field. On the one hand values of co-operatives continue to be loftily extolled, while on the other, entry of competing agencies in areas kept exclusively for co-

operative, is not only allowed, but even encouraged. Witness the entry of commercial banks in the field of rural credit, of State Agro-Industries Corporations in distribution of fertilizers and of private trade in public distribution system.

Table VI gives the progress of co-operative and non-co-operative institutional credit over the years.

Table 6: Sources of Finance for Rural Households

Sources	(% of Debt. Outstanding)			
	1951-52	1961-62	1971-72	1981-82
Private	91.1	82.7	70.9	38.8
Institutional of which	8.9	17.3	29.2	61.2
a) Government	3.1	6.6	6.7	4.0
b) Cooperatives	2.9	10.4	20.1	28.6
c) Commercial Banks	1.1	0.3	2.2	28.0
d) Others	1.8	-	0.2	0.3

Source : RBI Bulletin, 1954, 1965, 1969, 1977 & 1986

Preferred treatment

The public policy framework has been obviously favourable, particularly while issuing licenses, to co-operatives for setting up large-sized sugarcane processing, cotton spinning and oilseed crushing units. The public long-term financing agencies like Industrial Finance Corporation of India (IFCI), and Industrial Development Bank of India (IDBI) have also been favourably disposed toward cooperatives. The impressive growth of agro-processing co-operatives is, thus, in no small measures, due to preferred treatment by the governments.

Fiscal and monetary concessions

The Governments have also been given, at least in some cases, fiscal and monetary concessions to co-operatives. Some types of co-operatives get favourable treatment while paying income-tax, urban co-operative banks are allowed to offer half a percentage point more as interest on deposits, and some other co-operatives enjoy other concessions that are not available to other competing enterprises.¹

Legal frame-work

A major unhelpful trend in the behaviour of the state in relation to co-operatives is seen in the increased stringency in the relevant Co-operative Societies Acts. The recent amendments in the Acts, have by and large, sought to negate the true and democratic character of co-operatives, usurp their autonomy, and put a spanner in their democratic functioning. These, in fact, seem to aim at to tie them to the apron strings of the state bureaucratic set-up.²

Is it not ironic that this should happen when co-operative leadership enjoys considerable political clout in most parts of the country, and many political leaders in governments themselves had had their roots in the co-operatives?

It is plain that the co-operative laws, as these stand today make a near-mockery of the spirit of co-operation, dampen the fervour of democratically elected co-operative leadership, and reduce the effectiveness of co-operatives. And this, in turn, has grossly distorted the role of the Registrar, Co-operative Societies, and his staff.

This aspect of the role of the state needs to be viewed, in the context of a deliberate, more interventionary role of the state in all spheres. In the 50's, when the Five Year Plan was first launched, the preferred ideology was that of central planning, giving an hyper-active role to the state, and encouraging the public sector to occupy commanding heights of the economy, all with a view to building a socialistic pattern of society.

There have been both positive gains as well as negative side effects for the co-operatives from this more-interventionary role of the state.

Recent world-wide events and trends however pretend a slow, and yet definite change in the role of the state itself. These events and trend include dismantling of centralised planned economies, and shift towards market economy; privatisation of state owned enterprises and services, and growing concern for ecology and environment. In India, on top of this all, moves are afoot to rejuvenate the Panchayati Raj system, decentralise the process of development, and to hold periodic elections to the village level institutions.

All these hold the prospects of a radical shift in the role of the state viz-a-viz co-operatives. The likely new role of the state viz-a-viz co-operatives should hopefully, imply:

- i. **Transfer of Certain Functions from the Registrar, Co-operative Societies.** It will be necessary to shift the functions of inspection, control and performance evaluation of base-level co-operatives from

the state Registrar, Co-operative Societies, to the respective federal organisations.

- ii. **No Government Nominee on the Board:** There may be no government nominee director on the board of a co-operative, barring in such federal co-operatives, where government has made substantial investments, (say over 75 per cent of the share capital).
- iii. **Limited Involvement of the Government:** The involvement of the government in the working of the co-operatives may be restricted to the appointment of chief executives in such apex level co-operatives, where it has substantial financial stake.
- iv. **Signing of Memorandum of Understanding (MOU):** It may be ideal if a memorandum of understanding specifying standards of performance is signed between the government and apex level cooperatives. The apex cooperative should sign the MOU on its own, as well as its affiliated unit's behalf, and thereby agree upon reaching certain performance standards.

Co-operatives should not be subjected to any control (or be asked to achieve any social objective) by the government, to which the private sector is also not subjected.

It needs to be noted, as was recently outlined in the White Paper on Public Sector issued by the Government of India : For any commercial organisations to succeed, interference from outside agencies should be eliminated, and ethos of commercialisation and professionalisation must pervade the whole system and procedures, which an enterprise is expected to follow. In other words, co-operatives in order to succeed must be, informed with "entrepreneurial and commercial" environment.

Only then can these develop and retain the competitive edge and succeed in their mission, and also realize the objectives that the public policy frame-work envisages for them.

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CHAPTER IX

Co-operative Development Agencies: A Role Review

The objectives of development, in the ultimate analysis, have to be stated in terms of well-being of people - the improvements that are achieved in their social, economic, cultural and political status in the community. The process of development, in essence, involves people and their institutions and focuses on their needs, aspirations and expectations.

The contemporary development paradigm, in most developing countries, is premised on the need for active intervention by the State in order to bring about restructuring of the society, influence the inter-play of social and economic forces, extend support and provide protection to the weaker and vulnerable sections of the community. This active intervention by the State often manifests itself in public policy measures, creation and maintenance of development agencies and institutions, and laws that provide discriminatory protection to groups of socially and economically handicapped people, and ear-marking of funds by the State for tasks that are perceived to be essential for under-pinning the process of development.

Inevitably, this mode of intervention and process of development has come to be seen and known as top-down process of planning and development. This top-down process of planning and concomitant centralisation of decision making process, the emergence of centre-periphery dichotomies, but above all a lack of positive response at the grass-root level towards the State initiatives, in a way, are all rooted in this contemporary development paradigm.

In this development paradigm, co-operatives too have been assigned a role. In order to ensure, that a net-work of co-operatives of different types indeed comes to exist and functions, the State-sponsored Co-

operative Development Agencies (CDAs) together with departments of cooperative development have been set up.

Of the more important of these CDAs, besides the institution of the state Registrar of Co-operative Societies, are the National Bank for Agricultural and Rural Development (NABARD), the National Co-operative Development Corporation (NCDC) and the National Dairy Development Board (NDDB).¹

Basic values of co-operation and role of co-operatives

One of the major strengths of a co-operative form of organisation has been its flexibility in terms of easy adaptation to suit the situation and requirements of people, placed under varied social and political systems. It is really in order to retain this flexibility that the operating Principles of Co-operation have undergone changes, re-enunciation and re-formulation. The present Principles are for the same reasons likely to be re-enunciated in the Centennial of International Co-operative Alliance (ICA) in 1995.²

Be as it may, the basic values of cooperation however remain the same. These basic values were debated in the ICA Congress in Stockholm 1988. According to the Report to the ICA 1988 Congress in Stockholm by its President, Lars Marcus, the following ought to be considered as the basic values of Cooperation:³

- Members participation
- Democracy
- Honesty, trust, and openness
- Caring for others

Significantly, Lars Marcus, had stated in his Report : “it is after-all essential that our Principles be formed and formulated to serve the purpose for which they are aimed. They should also be relevant to different types of cooperative activities and to different operating conditions”.⁴

What is a cooperative ? and what is its role?

According to a widely acclaimed definition given in the Recommendation 127 of the ILO, cooperative is an association of persons who have voluntarily joined together to achieve a common end, through the formation of a democratically controlled organisation, making equitable contribution to the capital required, and accepting a fair share of the risks

and benefits of the undertaking in which the members actively participate".⁵

The President of the ICA had recently stated "Cooperatives are formed by people who have found it necessary to work together to solve economic problems and who have chosen to do it in the same spirit as that which formed many other popular movements. Their opinion was that a few working together can active more than many who strive alone. They also accepted that men and women were equally suppressed and should have the same value and the same rights. Cooperatives should therefor, be open to everyone, and nobody should be allowed to dominate others".⁶

S.S. Puri, an eminent Indian Civil Servant, is of the view that "a genuine cooperative is concerned with the promotion of the interest of those who are actual workers, or primary producers, or bone-fide consumers and not those whose interest are essentially of middlemen or mere investors of capital: and a "justification of cooperatives as an element for social justice lies in the fact that a cooperative seeks to establish non-exploitive relationship based on mutual advantages".⁸

Thus, it would seem that cooperatives are voluntary organisations, their ideology is rooted in democracy, widest members participation, high moral values, open-ness, caring for others, but above all, in autonomy, self-reliance and combating and eliminating exploitation of all sorts.

Jawaharlal Nehru had once remarked "the idea of co-operation is some thing much more than merely an efficient and economic way of doing thing. It is economic, it is fair, it equalises and prevents disparities from growing. But it is something even deeper than that. It is really a way of life and a way of life which is certainly not a capitalist way of life and which is not a 100 per cent socialist way, though it is much nearer to socialism than capitalism".⁹

This has been the vision but, what is the reality? In the words of President of ICA. "In developing countries, governments are often desperate in their search for economic solutions. Not understanding the true character of co-operatives as a member-based democratic organizations, they have looked upon them as an instrument for the government rather than for their members. The results are well known".¹⁰

Earlier, Gunnar Myrdal, had listed his reasons for failure of co-operative to combat exploitation. "The co-operative approach fails to incorporate a frontal attack on the existing inegalitarian power structure. Indeed, it aims at improving conditions without disbursing that structure. If, as is ordinarily the case, only the higher strata in the villages can avail

themselves of the advantages offered by the co-operative institutions, the net effect is to create more, not less, inequality".¹¹

The economic planners, in fact, have traditionally viewed co-operatives as mere instruments.¹² "The democratic character of the movement combined with its federal structure in which an individual member of primary society in a village could draw support from a national level co-operative organisation, renders the movement an effective instrument for de-centralised planning and implementation of various economic activities by the people involved in these activities". And it is as instruments that co-operatives are designed and used. In other words, in reality co-operatives are no closer to the final stage of their maturity, characterised by 'self-reliance', 'self-help' and 'self-government', and in combat with exploitation. These have become, what Verhagen has called "official co-operatives".¹³

The responsibility for the yawning gap in India, between the vision and the reality, of course, squarely rests with the Co-operative Development Agencies (CDAs), and the top-down development paradigm.

Let us discuss the role of the three major CDAs i.e. NABARD, NCDC and NDDDB against this back-drop.

On the credit side, these CDAs have pumped in massive financial resources to create and sustain an impressive array of co-operatives. If, today, in India, the sugar co-operatives account for 60 per cent of the total sugar production or, the cotton spinning co-operatives account for 16 per cent of the total spindle-age capacity, or milk cooperatives account for 20 per cent of the milk marketed in the urban areas, credit must go to these CDAs. Similarly, if the share of institutional credit in the total agricultural credit had gone up to 62 per cent in 1980-81, up from 8.9 per cent in 1951-52, and that if the share of co-operatives in this institutional credit has jumped up from 2.9 per cent in 1950-51 to 28.6 per cent in 1985-86, it is largely due to efforts of agencies like the NABARD.

The same can be said of the country-wide coverage by different types of co-operatives of highly diversified nature.

But on the debit side, we have the above reality of "official co-operatives" masquerading as "self-help" people's own institutions.

Major reasons responsible for the present position

a. Faulty Approaches

In his paper "Approaches to Co-operative Development : Blueprint Versus Greenhouse", Goran Hyden contrasts the outcome of two

different approaches used to organise and develop co-operatives in developing countries. The first approach, based on a preconceived design is, what he calls, the Blueprint Approach, while the other, what he calls the Greenhouse Approach attempts to nurse the local community feelings of working together into a formal co-operative organisation.

According to Goran Hyden, implied in the Blueprint Approach is the notion that a tested model exists which can be applied and replicated in an effort at planned development. Careful attention is paid to design and preparation and the idea is that those involved in administration will, as closely as possible, follow a given project plan. To many, development in Africa and elsewhere in the Third World, is inconceivable without adequate attention to planning and design. As a result, the myth has developed in many countries that policy and planning are sacred; all mistakes arise in the execution stages.

The "Greenhouse Approach" is based on the assumption that if only provided with the right stimuli and incentives, people will organise and accomplish tasks of common interests. Rather than "organising people for purposes which are beyond their comprehension and interest, the Greenhouse Approach focusses on factors which help local effort grow on their own. True to its name, it provides a hospitable climate for growth even in circumstances that are otherwise, adverse. Thus, rather than insisting on implanting organisational models, irrespective of whether or not they fit the political economy of a given society, the Greenhouse Approach takes as its starting point; what exists on the ground and encourages organisational development from below or from within. It tries to accelerate progress but only on the basis of what society offers".

A good example of the "Blueprint Approach" of co-operative development in India can be seen in the replication of Anand Pattern of Milk Co-operatives. The financing of Operation Flood III by foreign agencies/donors has been done on the assumption that the NDDB would ensure the replication of a model whose broad features are :

- a) The boards of DCS, (Dairy Co-operative Societies), MPUs (Milk Producers' Unions) and Federations are duly elected by the members from their member constituents;
- b) The co-operative structures operate under model by-laws ensuring the democratic process, regular meeting of the boards, to regular and independent auditing, the accountability of the boards of the members and annual general body meeting, at which audited accounts are reviewed, future plans discussed and elections held;
- c) Employment by the co-operative of professional managers (DCS

Secretaries, Managing Directors of MPUs and Federations, Plant Managers etc) answerable to the co-operative boards;

- d) Management and ownership by the co-operatives of assets used by the co-operatives (dairy plants, chilling centres, feed plants, bull mother farms, etc) generally at the MPU level unless the central purpose of the asset justifies federation level management and ownership: and
- e) Autonomy to the co-operatives in pricing, marketing, appointment of key personnel and employment of labour

This is a far cry from encouraging and nursing local initiative i.e. the Green House Approach.

b. Co-operatives seen as Mere Instruments

In the perception of many, particularly, those who prepare development plans, co-operatives are mere instruments-tools which may be used for achieving a given public (political) objective. Neither any other value is attached, nor recognised - the utility of a co-operative and hence the very approach to its development rests on its usefulness as a mere instrument. Some examples of this approach are the widespread use of consumers co-operatives for public distribution system, of tribal cooperatives for tribal welfare, and handloom and handicrafts co-operatives for protecting rural artisans; or, the recent phenomenon of the increase in the share rural lending of Commercial Banks and Regional Rural Banks, consequent upon a change in the official policy on the disbursement of agricultural credit. The NABARD, confronted with the choking of flow of credit through co-operative channels into rural areas, suffered from no visible qualms, when it decided to switch over to the alternative channel provided by the Commercial Banks/Regional Rural Banks. It certainly did not try to develop co-operatives. The utility of the co-operatives was seen as a mere instrument for the delivery of agricultural credit.

c. Neglect of the Poor

Contention of the contrary notwithstanding, it would not be incorrect to state that the poor, by and large have been neglected in projects, schemes and programmes supported and financed by the three main CDAs. In fact, the bias against the poor is apparently built in the very approach and strategy adopted by them. Given their preference for a larger size, application of modern technology for processing, dependence on the state administrative apparatus for organising base level co-

operatives, compulsion to appoint specialised staff for carrying out day-to-day operations, and above all, the marginalized status of the poor in the rural areas, exclusion of the poor from the operations and activities of official co-operatives is, but inevitable.

In the face of persistent, at times even motivated criticism that co-operatives often neglect the poor, NDDDB, for instance, had recently stated.

“At the same time, Operation Flood is not an all purpose poverty removal programme : It cannot be, because it focuses clearly on a single productive activity, dairying; while the ranks of the rural poor include many different categories of the disenfranchised: the old, the infirm, the tribals, the landless, the small farmers, the artisans and so forth”.¹⁸

And, yet it does not explicitly state why a co-operatives should not help in reinforcing the “self defence mechanism” say, of small/marginal farmer, whose loan raising, risk bearing, resource mobilising, and environment influencing capacity is too negligible. Are not co-operatives expected to help the poor and the exploited?

d. Indifference Towards Technology Transfer

A striking facet of the working of these support agencies; with the sole exception of the NDDDB, has been an almost complete in-difference towards the imperatives of technology transfer at the grass-root level.

The NDDDB has been an exception, e.g.it has, in fact, established beyond all doubts, that co-operatives can play their historic role and achieve their objectives only, if and when, these take-up, in an organised and sustained manner, the task of technology transfer at the membership level. The component of productivity enhancement programme constitutes an integral part of all NDDDB assisted co-operative development projects. This has however, been sadly lacking in programmes assisted by NCDC and NABARD. These two have rather depended on other agencies for providing technology transfer support. Experiences however show that only when technology transfer is combined and organically integrated with the input-supply extension-marketing-processing system, that it makes a real impact on the incomes of members. Fragmentation in the delivery of services often leads to sub-optimum results.

e. Superficial Support to Member Education

The wide-spread acceptance of co-operatives has often been gained on promises of subsidies, assistance and benefits of one sort or the other,

rather than on shared values, deeper understanding, or firm conviction among members. In other words, awareness of basic values and requirements of co-operation among members has been rather limited, if not altogether absent. In the absence of any conviction, has developed a relationship pattern between a co-operative and its membership, that is purely mercantile, transitory and exchange-based. This can hardly be a basis for true co-operative development. Real understanding of a co-operative could have come through education of members. This by-and-large, has been neglected by the Co-operative Development Agencies, with the exception of NDDB. Others did make some sporadic forays, but without much enthusiasm. NDDB through its CD (Cooperative Development) programme has undertaken the vital task of creating better understanding of the role and purpose of cooperative among ordinary members and their elected leaders.

f. Reluctance to Move Away from Government System

Yet another feature of Co-operative Development Agencies has been their unwillingness to move away from the state administrative system. Rather, on the contrary, in recent years these have become almost indistinguishable from the state set-up. This has influenced not only their orientation, approach and mode of working, but has also made them more pliable vis-a-vis ruling political elites. In fairness, it must however, be stated, that some top officers in these Development Agency did display their dismay and even opposed this undesirable shift from their autonomous status to a wing of the Ministry of the Government. But by the large, these Agencies seem to feel secure in remaining a part of the sprawling administrative set-up of the government.

g. Faulty Development Paradigm

As stated earlier, the present pattern, pace and character of co-operative development can directly be attributed to the development paradigm which has been accepted and utilised in the country. Verhagen thus, rightly remarks "Co-operatives for many decades were thus promoted in an unfavourable politico-administrative environment in which urban based policy makers and planners decided on the form and pace of co-operative institution building. This has given co-operative promotion its ambiguous, contradictory character. The model of intervention was, and still is in most countries, centre-down and directive, a model adopted from the centrally planned economies, while ironically, the most widely propagated model of co-operative organisation was

borrowed from the industrialised West. This is why, to outsiders, the co-operative scenery in developing countries offers such a confusing picture of authoritarian governmental and political intervention laced with a philosophy of self-help and authentic people's participation." And again he writes : "Not big farmers' intrigue or greed are at the roots of the problem, but the vaulting ambitions of national governments (and their technical or financial supporters) which have uncritically followed what Hansen has characterised as the centre down development paradigm. Top-down intervention has been the dominant approach of development administrations in developing countries".²²

What needs to be done?

Experience of co-operative development work during the last forty years has one dominant message : Co-operatives achieve success when they are organised in a situation where widespread exploitation is taking place, and are formed at the local initiative, are strongly rooted in the local situation, meet already existing and specific needs of the community and are free from external control, external intervention and external accountability. In order to succeed, therefore, co-operatives must return to the basics of co-operation namely : combat exploitation, help members increase their incomes, and observe the basic operational principles of self-reliance, self-help and self-government.

It is towards the realisation of these fundamentals of a genuine cooperatives that the Co-operative Development Agencies must work.

The following points should be of some help in this context :

a) Roots in the Ideology

The first, and perhaps by far the most vital, imperative that needs to be recognised by the Co-operative Development Agencies is that a co-operative will have a meaning, relevance and utility only, when it has its true character i.e. it has its roots in basic values, its moorings are firmly placed in the ideology of non-exploitation, it enjoys autonomy, it has the ability to become self-reliant, it has high operating efficiency, and is engaged in members' incomes raising tasks.

It also needs to be recognised that co-operatives are often slow in yielding results, these can become relevant to the objective of achieving socio-economic development when they are and continue to remain genuine, non-exploitative and socially responsive institutions. It may also be added in parenthesis that all contemporary talk of eliminating state-

control and interference and curbing the growth of vested interest, will have a meaning and an importance, only when the resultant vacuum were to be filled in by an increased commitment by members to basic values and ideology of co-operation.

b) Member Education as an Integral Component of Development

In order to create the ideological temper discussed above and with a view to raising members consciousness, and stressing the genuine character of co-operatives, it will be equally necessary that members education is included in all future co-operative development projects/ programmes, and accorded a similar priority, as is normally given to the selection of technology or even the viability of the project itself. The responsibility for member education must, of-course, rest with the project management, but with necessary financial support flowing from the concerned Co-operative Development Agency.

c) Towards More Professionalism

Together with strengthening the ideological base and membership consciousness raising efforts, steps will have to be taken to introduce professionalism, particularly at executive and operating levels in co-operatives, Co-operatives Development Agencies have not been particularly keen, in the past to professionalise executive management in co-operatives, although they have always displayed an apparent concern for it. Any officer of the co-operative department seconded to work as manager in a co-operative, often satisfies these Agencies in more ways than one. But this hardly meets the requirements of professionalisation. Professionalisation is the defining feature of the modern society, its progress depends on the extent to which its different organs are professionally managed. People trained, skilled and equipped with the necessary tools and know-how and with adequate freedom to act must be encouraged to occupy managerial and operating positions in co-operatives. Only then these will come up to the expectations of the community.²³

d) Size and Structure

Basic values of co-operation and the underlying ideology, in a way, limit the size of a genuine primary level co-operative. To be effective and socially relevant, it must afford opportunities for active members participation, it must also remain responsive and caring, and above all, it

must encourage self-help and mutual support borne out of understanding and shared feelings.

But, at the same time, external environments are not always tolerant of such institutions : financial viability, the need for professionalism and scale economics are some of the factors that mitigate against keeping the size of the primary units small. Co-operatives have responded to such environmental pressures by fashioning integrated structures, which while ensuring small size and “neighbourhood atmosphere” at the base, simultaneously seek to meet the technological, financial and commercial demands by forging vertically integration among primaries into 2-3 tiers structures. Co-operative Development Agencies barring the NDDDB, have not always shown real appreciation of imperatives of keeping the primary level co-operatives small, and evolving appropriate structures in support of their activities.

This aspect also needs to be looked into in the future.

Building financial strength

The co-operative development agencies appear to have been less than enthusiastic to the idea of building self-reliance, or a culture of capital accumulation and reserves-building in assisted co-operatives. Consequently, the pricing policies, investment decisions and financial management practices in co-operatives are at times based on not-so-unrealistic assumption that Co-operative Development Agencies are there to bail them out as and when these will come to face the financial crunch. The various rehabilitation schemes, easy availability of loans for expansion and modernisation, at times even keenness among one or the other Co-operative Development Agency to pump funds into co-operatives merely to reach certain targets, are some of the striking features which encourage co-operatives to resort to financial indiscipline. This has also bred financial dependence. This is also one and perhaps the prime reason, that is often cited in support of state control and interference in the internal working of co-operatives. The Co-operative Development Agencies must ensure not only that the assistance proposal are appraised and supported on the assumption that cooperatives would become financially self-reliant within a stipulated period, but indeed do also become so. To achieve this objective, Cooperative Development Agencies will have to insist that cooperatives include in their project reports, a clear statement in respect of their pricing policy for members produces, minimum returns on investments made, and similar aspects of prudent financial management. The Agencies then must closely monitor the actual performance, if only to ensure that prudence prevails.

Monitoring the progress of cooperatives

Prudent financial management practices in assisted cooperatives is not the only area where Cooperative Development Agencies need to monitor the progress and performance of cooperatives. Many other equally crucial areas qualify for similar attention. These may include genuine character, professionalisation of management, members participation and democratic control, incremental benefits accruing to different strata of membership, and programmes of productivity enhancement. Quantitative and qualitative indicators may have to be evolved, tested and used for the purpose. Any serious departure from the norm, or any area requiring external decision support measure, need to be identified, and remedial steps to meet the situation have to be taken. In house consultancy services, in this context, should be of particular help to the Cooperative Development Agencies.

Public disclosure of social audit reports

Each cooperative assisted by a Cooperative Development Agency must undertake to cause a social audit to be carried out of its operation, and then make a public disclosure of the auditors report in its General Body Meeting. The areas of social audit may include members participation and their involvement, development programmes introduced for different strata of membership, productivity enhancement programmes, and their impact, the nature and extent of benefits flowing from non-commercial investments made by the cooperatives, besides, of-course, the usual operational results.

Some other areas, as may be identified by members, may also be included for the purpose.

Public disclosure of social audit reports, will, in a way, provide a useful feed-back on the performance for assisted cooperatives and the real impact of Cooperatives Development Agencies own role.

Conclusions

Cooperative Development Agencies did play a useful, at times, even crucial role in creating a network of co-operatives embracing varied economic activities in different parts of the country. Given the concern at the earlier stage of economic development, these Agencies had rightly engaged themselves in organisation of co-operatives and creating physical facilities and infrastructure. Some of the finer nuances of a genuine co-operative, in the process, got somehow neglected. Governments too, in

their anxiety to develop cooperatives as a potent force in rural areas, had pushed Co-operative Development Agencies to assist in the formation and operationalisation of co-operatives on an unprecedented scale.

The contemporary situation and the evolving scenario²⁴ however; call for a close look into the approaches and the strategies hitherto followed by the Co-operative Development Agencies, as well as the resultant character and thrust of co-operatives assisted by them.

In the next phase of co-operative development, that is, in the 1990's and beyond, co-operatives in order to be socially relevant and effective will need to be more closely rooted in the basic values, and in the ideology of "self-help", "self-government" and "self-reliance". They will also be required to be more membership responsive and caring.

It will, therefore, be necessary that Co-operative Development Agencies ensure that the co-operatives that they assist in the future do indeed emerge as genuine co-operatives, and not as instruments of the government or pocket-borough of some vested interests.

To be successful in this task, Co-operative Development Agencies may have to reconsider their development paradigm and change their approaches, strategies and assistance patterns.

These may also have to place more stress on nursing local initiative, give up the blue print approach, and induct greater diversity in their development programmes. Local leaders, local initiative and local efforts will have to be systematically encouraged and sustained. Only then will there emerge a net work of peoples' oriented, democratically controlled caring co-operatives.

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PART - III

Integrated Structures

CHAPTER X

Integrated Cooperatives: Concept & Design

Historically, co-operatives in India have evolved in three distinct phases; first, there were relief co-operatives, then there were service co-operatives; and in contemporary times, there are integrated co-operatives or, more precisely co-operatives which establish backward linkages with members' household, undertake value-added activities, and then forge forward linkage with the consumer.

The period between beginning of the co-operatives, in 1904, in India and the launching of the II Five Year Plan in 1957, broadly, can be called as the phase of relief co-operatives. Here, the primary focus of the co-operatives, and the underlying approach to their development, was to reach relief to the indebted ryot-cultivator. The very rationale of launching the state sponsored co-operatives was in fact rooted in the Deccan riots, and the recommendations of the Famine Relief Commission. This is also borne out by the debate on the Co-operative Society Bill, 1904, in the Central Legislative Assembly.

This basic orientation in essence, continued in all the subsequent attempts to develop co-operatives of different types, until, well past India's Independence in 1947.

A welcome break occurred when the All-India Rural Credit Survey Committee made some far-reaching recommendations, including on restructuring of co-operatives with a redefined and enlarged role. Later, when these recommendations were accepted and integrated into the larger economic development processes, for instance in the formulation of II Five Year Plan, co-operatives, by and large, came to shed their old orientation, and become what can broadly be called "service" co-operatives.

A service co-operative by definition seeks to provide such services to a farm house-hold, as it needs for its farm related activities, be these related to inputs, outputs, or maintenance. The co-operatives had thus, come to be reorganised all over the country to provide credit (and subsequently other farm inputs) and market outputs, but only as agents. In their approach, orientation and style these were expected to modulate (if not eliminate) the private merchant. Is it any surprise that such co-operatives have come to be called as "mercantile" co-operatives ? These were "co-operative merchants" without their instinct and desire of exploitation, but otherwise no different than the traditional village trader/merchant.

The third phase that actually began in mid 50's but might be dated to the mid 60's, when the National Co-operative Development Corporation (NCDC) had already been established, and agro-processing co-operatives had come to be organised and encouraged, particularly of growers of sugarcane and dairy farmers. This phase, which is also the contemporary phase, is characterised by dominance of co-operatives that undertake value-added activities, frontally engage themselves with solving of wide-ranging problems of the farm house-hold, and aim at increasing its income through productivity enhancement and higher prices for the produce. These co-operatives, in fact, behave like complex techno-economic systems (at times, with one, two or even three tiers in a vertical structure), embody large scale organisation of farmers, employ advanced, capital-intensive technologies, incorporate the traditional service type co-operatives in their infrastructure, but, above all, include sensitive response systems, which are quick on the uptake to the changing needs and requirements of member- farm-households.

If village level primary service co-operatives and village/ market-level agriculture marketing co-operatives typified the traditional service co-operative, sugar co-operative and milk co-operative represent this new value-adding, income raising, integrated co-operatives. The distinguishing features of these new value-adding, integrated co-operatives and the old style service co-operatives can be summarised as follows: (Exhibit - I.)

Exhibit - I : Merchantile Vs Integrated Co-operatives

Parameters	Merchantile Co-operatives	Integrated Co-operatives
Orientation	Exchange	Development
Activity Basis	Input	Output
Nature of Value Added	Time and Place	Form
Level of Technology	Low	High
Concern	Lower Costs	Higher Incomes
Opportunity for Members Participation	High	High
Impact on Members' Incomes	Low	High (At least in some cases)

Application of technology - the essential difference

The impact of science and technology on society and its development, including the rate of technological progress has been analysed from several perspectives. The economic growth or material wealth of a country is determined by the quantum of goods (and their quality), it produces with the combination of the human skill, capital, land and natural resources. One approach to economic growth is to increase national production through the utilisation of a greater amount of resources; and the other is to improve productivity through a more efficient utilization of the same amount of resources. Technology contributes to economic growth under both of these approaches. In the first case, technology promotes economic growth by expanding the utility of resources that have practical application. In the later case, technology contributes to the economic growth by developing and improving new methods of production.

The essential difference between the conventional "service" co-operative and the new modern "value adding" co-operative, is that the latter chooses and employs advanced technology, while processing the members' produce, but also disseminates and helps diffuse advanced technology at the members' farms level.

The imperatives of applying technology have been highlighted in the Technology Policy Statement of the Government of India. It states "political freedom must lead to economic independence and alleviation

of the burden of poverty. We have regarded science and technology as the basis of economic progress"; and later - "Technology must be viewed in the broadest sense, covering the agriculture and services sectors along with obvious manufacturing sector".

Application of sophisticated technology for undertaking value-added activities has ensured the following for the integrated co-operatives and their members.

For co-operatives

- Broader membership base;
- Ability to generate higher surplus;
- Enhanced surplus to cover costs on extension staff, offer extension services, and create facilities for technology transfer at the farm level;
- Surplus resources to undertake rural development, including social and cultural activities;
- Optimum utilization of members' crops/produces and consequently higher returns;

For Membership

- Higher incomes;
- Higher productivity and production;
- Crops/produce/animal protection through integrated crop/animal care delivery systems;
- Opportunity for participation in the social and cultural development processes;
- Sound around development and maintenance of infrastructure - roads, banks, transport services, schools etc; and
- Exposure to modern technologies and opportunities to participate in, and manage the working of larger complex social organisations, thus resulting in development of rural entrepreneurs/ leadership.

Beneficial as the application of advanced and modern technology has been for co-operatives and their membership, the same technology also involves higher capital investment, and therefore calls for professionalization of management, employment of highly qualified and skilled technical staff, development of sensitive systems responsive to the market, and

members' needs, and above all, a great deal of commercialization of operations.

In order to remain viable and in a position, where it can pay off its long-term loans, an integrated co-operative employing capital intensive technology and undertaking value-added processing/production activities needs to have a great deal of control and decision influencing powers over the following four areas :

- Production/crop choices of members;
- Procurement of raw-material;
- Operational maintenance and effective processing of produce; and
- Marketing of output and by-products at competitive price.

Absence of control and influence on decision making powers on those who supply raw-material-be it sugarcane, milk or oil-seeds; can seemingly jeopardize the working of a processing unit, threaten its viability and lead to heavy losses and even, closure. After all processing raw-material is the *raison d' être* for setting up the processing unit. Any delay in the supply of raw-material or its diversion, or a fall in its quality, have to be avoided, at any cost, and firmly dealt with.

Similarly, failure to market the output at a competitive price can undermine all calculations of viable operations. After all, if a processing co-operative fails to market profitably what it produces, sooner or later, it will cease operations and go out of business. Thus, a firm control on marketing (which includes ability to decide the market mix of quality, price, channels and promotion) by an integrated co-operative is absolutely essential for its survival and effectiveness.

The same holds true for operational maintenance, up-gradation of technology and smooth functioning of the plant. For all these factors influence the cost of operations and thereby effect the profitability, determine the amount of surplus, and thereby the final price payable to the member for the raw-material/produce.

These are the essential compulsions under which this new value-adding, modern-technology-employing, highly capital-intensive integrated processing co-operative has to work.

The central issues here thus, basically, are i) how can an integrated processing co-operative structure create a common decision centre: for the three basic operations viz supply of raw materials, processing, and marketing of output, irrespective of the fact by whom these are carried out: by independent co-operatives, or by a vertical structure of co-

operative; and ii) how the co-operative structure can influence the production and supply choices of the farmer members.

Without the creation of a single over-riding decision centre, it seems unlikely that the application of technology can yield results, or a co-operative structure employing it can remain viable over a period of time.

Different types of co-operatives have responded to this fundamental requirement of success i.e. creation of a common decision centre, in different ways. Some sugar co-operatives, for instance, have traditionally combined all the three operations in a single entity - the sugar co-operative itself, yielding little or no control to any other external agency, on any of these three operations. In fact, some sugar co-operatives even supply fertilizer and credit, when they experience that the primary agriculture service co-operatives in their operational areas, are unable to make timely delivery of these essential inputs.

Some milk co-operatives have responded by evolving a highly integrated, but decentralised, three tier structure each tier with distinct responsibility, somewhat on the following lines :

- | | |
|--|---|
| Primary Village Level
Co-operatives | <ul style="list-style-type: none">- milk procurement,- testing and payments,- extension,- supply of inputs, member information; |
| District Level Milk Unions | <ul style="list-style-type: none">- transport of milk from the primaries,- processing- supply of inputs to primaries- maintenance of animal health care delivery system,- supervision and audit of primaries and- back-up support services. |
| State Level Federation | <ul style="list-style-type: none">- determining market mix- production scheduling and planning at the level of district milk unions- marketing of products/milk outside the state- liaisioning with external delivery systems- setting up of by-product based industries. |

Some oilseed processing co-operatives, as in Madhya Pradesh, have preferred to work within two tier structure, with the primaries at the base level and the state federation at the apex with the following distribution of roles.

- | | |
|--|---|
| Primary Oilseed Growers
Co-operatives | <ul style="list-style-type: none">- procurement and payment for raw material,- supply of inputs,- storage,- members education and extension activities |
| State Level Federation | <ul style="list-style-type: none">- procurement of raw material and its processing,- productivity enhancement programmes,- extension support services,- marketing. |

Several factors, both external as well as internal determine the means of achieving the desired level of integration. In a somewhat different context, the 23rd Congress of the International Co-operative Alliance, (1966) had made the following recommendations.

“The 23rd Congress of the International Co-operative Alliance recommends that the co-operative movement should concentrate all of its forces to ensure maximum efficiency under modern competitive conditions, and at the same time take care that :

- i) Within the frame-work of the federal concept it should be guaranteed that important decisions of competent authorities of a national organization are carried out effectively by all concerned, in such a manner that unity of action in such strategic field as purchasing, marketing, price policy, production, structural development, investment policy and education is ensured.

This can be achieved by a system of long-term agreements between societies and their regional and national organizations or by institutional forms for a collaboration which will secure a continuing coordinated policy for the whole movement.

- ii) Where it is the intention to achieve unity of action through integrating co-operative, in different branches by successive stages, into national co-operatives, steps are taken to ensure retention of the basic principles of full co-operative democracy”.

A few points however, can be made on the basis of experiences of processing co-operatives in India.

- i) A single tier structure although ensures closer integration in operations, yet makes member-co-operative relationship remote, and direct participation by members in its processes, somewhat difficult,
- ii) A single tier co-operative structure is preferable only when the operations of the co-operative are spread over a compact area, membership is contiguous, and the produce is bulky, perishable, and cannot be stored.
- iii) A multi-tier structure, though desirable yet needs wide-spread understanding of the working of co-operatives, heightened membership consciousness, enlightened leadership at all levels, and above all an agreement to accept the supreme decision-making role of the apex co-operative;

In any case, the creation of an over-riding decision making centre, remains an inevitable necessity. The challenge, therefore, is how to evolve this specific role within the structure and make it palatable and yet effective.

Conclusions

The role of co-operatives has been changing, ever since these came to be widely organised and officially encouraged. From the hither-to role of providing relief to the debt ridden cultivators in the initial stages; these were accorded a pivotal role later in the country's plans for development of agriculture, rural industries, public distribution system and similar other sectors.

The co-operatives, were however essentially seen during these stages as 'service' organisations designed to supply credit, and other inputs, and provide transport, storage and marketing services for the outputs. The underlying assumption was, that if co-operatives were to "service" the farmers, their incomes could be raised, by ensuring marketing of outputs through public procurement agencies like Food Corporation of India.

But, in recent years co-operatives, particularly agricultural co-operatives, have enlarged the scope of their activities and by focussing directly on increasing members incomes. This, they seek to achieve, by undertaking value-added processing of produce during post-harvest stages, and forging forward linkages with the consumer-markets and backward linkages with the member-farm-house-holds. At the same time these co-operatives 'vertically integrate' in order to provide as a package, farm

related services like timely and soil matching farm inputs, credit, extension and farmers training, crop protection and facilities for collection, receiving, storage and transportation of produce.

These co-operatives in fact seek to achieve integration at two levels. At the first level, these co-operatives placed in a vertical structure integrate their activities, so as to be in a position to offer to farmer members, all farm-related services as a 'package', that is, cost-effective and institutionally responsive. At the second level, all these activities are situationally adjusted in order to achieve integration with the requirements of member-farm-house-hold.

Forging of such an integration at two levels, turns these co-operatives into integrated co-operatives, but importantly, also more efficient and responsive co-operatives.

Management of Integrated Cooperatives: A Framework for Analysis

Three critical variables - all significant developments of the recent past - characterise a large scale modern integrated cooperative. Each one of these three variables is a phenomenon of unmatched importance and vitality, each one has its own requirements, and each needs considerable expertise and managerial skills to work with.

The three variables are :

- Large scale organisation
- Democracy and participation
- Capital-intensive advanced technology

Large scale business organisation is a post-industrial revolution, twentieth century phenomenon, industrial democracy and members' participation are also recent developments, so is the availability of advanced technology which an integrated cooperative employs. Some blending and organic integration of these three separate yet important strands, in order to secure the synergetic impact depend in large measures on, and are determined by, the degree to which the essential requirements of each are effectively satisfied.

Nature of requirements

Each of these three variables has its own dynamics and its own requirements.

A sugar cooperative for instance may have membership of 5000 - 8000 farmers, spread over 50-60 villages, may employ a staff of 1000, during the season, with an additional 5000 - 8000 people working in cane

harvesting, transportation and handling operations during of the season. All these make a sugar cooperative a fairly large organisation, in terms of spread, functions, hierarchy, operations and linkages with external environments. Each of these characteristics in turn determines its own conditions of success, and has a logic of structuring and association with the others.

Similarly, a modern cooperative oilseed processing unit might have its area of operation spread over two districts, with individual membership ranging between 12000 to 15000. Inevitably, it will have to fashion an appropriate mechanism for members' participation and democratic control, and to keep itself responsive and sensitive. Participation here has to be seen, as an instrument of empowerment, as a means to offer opportunities to ordinary members to determine the activities and operation of the cooperative, as a way of capacity building, and an opportunity to improve the efficiency and effectiveness of the cooperative in its all connotations.

Similarly, democratic control implies having direct election on one-member one-vote principle, taking decision on major investments, diversification strategies, pricing policies and product range. To be responsive here means being adaptive, proactive and dynamic. Now, all these aspects of democratic control have their own requirements. If these requirements are not satisfied, then, the ability of the cooperative to become effective is undermined and it may then tend to lose its social relevance. Efficiency and equity are the twin objective that have to be simultaneously achieved by an integrated cooperative.

But, the third variable - advanced technology - is still more critical. There is ample evidence to support the view, that only such cooperatives really have made an impact, which have successfully employed advanced technologies, periodically upgraded them, and underpinned these with matching organisational structure and supportive culture. The management of transfer of technology and its subsequent absorption - both at the plant as well as members-farm level require capabilities that include skills to locate suitable technology development centres; choose appropriate technology, blend it with what is already available or in use, and then prepare people-staff, but no less important, members - to accept, absorb and use the required technology. It shall certainly require appropriate organisational structures, wide-spread ground level supportive delivery systems, but above all, deep understanding and appreciation of the imperative of technology management in the Indian setting. Again, each of these aspects has its own pre-conditions of success, and requirements.

Exhibit I shows different requirements of each of these three major variables.

Exhibit I

<i>Variable</i>	<i>Requirements</i>
1. Large-scale organisation	<ul style="list-style-type: none"> - formal structure and organisation - professional management - autonomy - self-reliance - self-renewing capacity - efficiency and effectiveness
2. Democracy and participation	<ul style="list-style-type: none"> - framework - flexibility - members' consciousness - members' motivation - wide-spread benefit sharing - genuine leadership - commitment and concern for basic values - accommodation - equity
3. Advanced technology	<ul style="list-style-type: none"> - availability - assessment capabilities - continuous upgradation - maintenance - supportive culture - research & development efforts - capital - cost-effectiveness

To the extent these requirements are met, it does become possible for an integrated cooperative to show expected results.

Along with these large requirements however, also loom at large the threats that an integrated cooperative faces. These threats are such that if the cooperative does not effectively prepare itself to face them, these

can easily render it ineffective and impinge on its ability to service its membership.

The main sources from where threat usually emanate are :

- government departments (GOD)
- politician in power (PIP)
- local vested interest (Love-IN)
- development agencies managers (DAMN)

The sources of these threats (and consequently their nature) are such that these can easily undermine the ability of an integrated cooperative to meet the essential requirements as identified in Exhibit - I of the three variables. A government department may insist on appointing a non-professional as its executive head; or the cooperative law may deny cooperative an opportunity to function as an autonomous body; or, a politician in power may not let a cooperative hold fair and timely election to its board of directors; or, he may nominate political workers to the board, or, he may not release the capital, that a cooperative needs to buy or upgrade technology or, he may influence the government administrative staff to overlook the infringement of rules, in a cooperative. Local vested interests may thwart attempts of a cooperative to broad-base its membership, or these may "capture" a cooperative, and then make it as their own handmaiden, or, discourage members' participation or, through intrigue and conspiracy attempt to denigrate it, and thereby impair its credibility.

A Development Agency Manager may insist on the use of a particular technology, or prescribe conditions which may be unfair and probably against the interests of members, or may identify sources, which may not be dependable, for purchase of machinery, or impose conditions which may tend to negate the basic values of cooperation.

All these different kinds of threats are serious. There is enough empirical evidence to show that most large cooperatives, which have failed or otherwise suffered, were really unable to cope up with these kinds of threats.

The way out

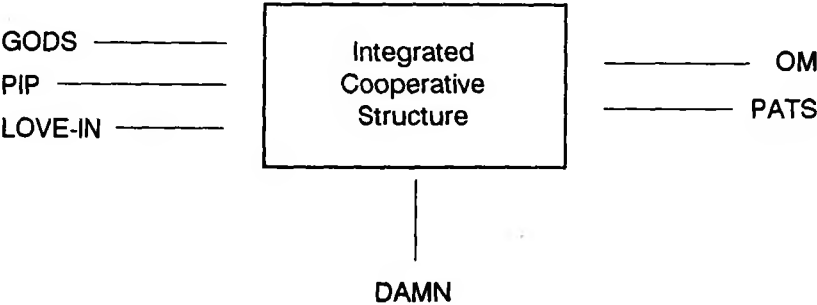
The way out to squarely meet the plethora of threats seems to lie in strengthening the flanks by increasing the stakes of the two principal stake holders i.e. ordinary members (OM) and professional and technical staff (PATS), and building internal capabilities and strengths.

Cooperatives that have tried this approach have found to their pleasant surprise that threats often rather rapidly recede.

The stakes of an ordinary member can be increased by helping him to increase his incomes, providing him with the needed extension and other services, affording him increased opportunities for participation in decision making, developing a two-way communication system, but above all, by creating better understanding in him of the role and place of the cooperative, in his life as well as in that of the community.

Stakes of the professional and technical staff can be increased by emphasizing super-ordinate goals, and evoking commitment among them to these goals, professionalising management, introducing objective systems of performance appraisal, incentives, and self-development by creating congenial environments and affording opportunities for growth and advancement. Exhibit II shows the balancing act.

Exhibit II



When ordinary members and committed professional and technical staff join hand, they do then constitute a formidable shield, capable of safeguarding the vital sinews of an integrated cooperative.

Internal strengths and capabilities can be developed by moving towards self-reliance, bringing about improvements in operational performance, achieving higher rates of growth in productivity and profitability, timely upgradation of technology, providing improved customer-services, developing viable linkages with suppliers. But above all, it can be accomplished by forging collaborative relationship with government organisations, financing institutions, and cooperative development agencies.

This is the way, an integrated cooperative can be made effective. This process of effectively managing an integrated cooperative can and does indeed get a boost, if the concerned development agency were to lend support to the efforts of members and staffs and closely to monitor its performance, and then encourage it steadily to grow and become self-reliant.

These are the lessons that one learns from the working and management of successful integrated cooperatives in India.

CHAPTER XII

Member-Primary-Union-Federation Linkages: Organic Federalism among Milk Co-operatives in Gujarat – A Case Study

Few co-operative structures have responded as well to the dynamics of changing environments of a free market, as the milk co-operative structure in Gujarat has. Fewer have succeeded in showing acute sensitivity to the needs and concerns of ordinary farmers, and projecting brighter corporate image of professionalism and efficiency, as well as this structure has. ¹

Historically, the milk co-operative structure in Gujarat has evolved over a long period, beginning in 1945, when the Kaira District Co-operative Milk Producers' Union, popularly known as AMUL, was organised with only two primary co-operatives as members. Since then competitive pressure and motivated interference from the state government departments, tested and steeled the management of the Kaira Union, and turned it into an inspiring example of healthy blend of genuine democratic control and high professionalism.

The basic mission of the Kaira Union, as indeed of similar other Unions in the state, was, and has always remained, the uplift of the dairy farmer-member.

The nature of the co-operative structure, forging of intra-structural linkages, development of extension services, professionalisation of management, choosing and introducing technology, taking back the task of marketing of milk products, from a private enterprise, and attempts at influencing the external environments were all determined with that the sole mission in view : How to help the dairy farmer to increase his income.

The evidence in support of this approach and its successes are overwhelming.

Mrs. Malati Ben Choudhari of Pratap Pura (Balva) village in Mehsana District of Gujarat sold 57,218 litres of milk worth Rs. 1,65,500 in one year (1986-1987). Her family owned one hectare of land and it maintained a herd of 10 cross-bred cows and 3 buffalows.

Mrs. Suraj Ben of Vasana (Borsad) village in Kaira District of Gujarat was a widow, working as a farm labour on an average daily wage of Rs. 10. Encouraged by the Secretary of her village primary milk co-operative, she applied for loan at the local branch of a commercial bank. After obtaining a guarantee from the milk co-operative, she was given a loan of Rs. 2500 for the purchase of a buffalow, which she did with additional assistance received from the State Social Welfare Board. She delivered milk at the local primary co-operative and paid off the loan from one-half of her daily earnings, over a period of eight months. During this period, her earning from milk after deduction of loan and interest instalment, was Rs. 10.

A large number of nomads and others in the tribal belt of Surat District of Gujarat had formed a Primary Milk Co-operative and Supplied milk through their co-operative to the Surat District Co-operative Milk Producers Union. Consequently, there was an upward change in their creditability, economic conditions and social status. For the first time, they had a regular source of income.

How did it become possible?

Mr. J.J. Baxi, Managing Director, Gujarat State Co-operative Milk Marketing Federation answered : "Basically two factors are responsible for the above phenomenon. First, these three, and undoubtedly 1.2 million and more dairy farmers in Gujarat, have a continuous access to the latest animal husbandry practices, an assured animal health care delivery service, balanced nutritive diet, improved genetic quality through artificial insemination, but above all, patient, motivated and farmers-confidence enjoying extension staff. Farmers here are now really inspired. Second, these farmers have an assured market outlet right in their village. Regardless how much milk they produce, they can always expect a fair and competitive price for their milk.

"These two factors : smooth technology transfer and assured marketing of the milk at fair price, explain the radical social and economic change that one observes in the countryside in Gujarat.

"We have given the farmer the benefit of modern processing

technology. Today milk produced in a remote village in Kaira district goes to Calcutta, some 2000 miles away. How did we achieve it? It was simply a question of the farmer concentrating on production of milk with support from his village level primary dairy co-operative, the District Level Union concentrating on processing, and the State Level Federation on marketing”.

Mr. Baxi explained that the activities that had to be performed for the smooth flow of technology to the farmer, and marketing of milk and milk product over vast areas, were varied, massive and had to be undertaken spatially over wide-spread locations. “So were the corresponding supportive institutional arrangements. We, in Gujarat, have been of the view that we should first think who can best perform an activity, and then let him do it”

Elaborating the point, Mr. Baxi stated “we, in the Federation, annually market AMUL products worth Rs. 500 crores. We have 15 offices, and maintained 20 godowns all over the country, and, yet, we have no godown clerks anywhere, employ no labour and run no delivery vans. These services are provided more efficiently and effectively by our agents. Mind you, I am not against more employment opportunities. My brief is not to increase employment, but to act in the best possible manner in the interest of the 1.2 million farmers, who are the members of the milk co-operatives in the State.”

“The support system needed by the dairy farmer in Gujarat has been evolved on similar principles. We have the village level primary milk producers co-operative, which being closer to members, is usually more responsive and sensitive to their needs and demands. It provides the required inputs, facilities for A.I. (Artificial Issemination), collects milk daily, and then makes payment to members. It also acts as an effective link between the Union and the farmer members”.

“We have then the Union, basically responsible for collection and transportation of milk from primaries, milk processing and milk products manufacturing, technology transfer to the dairy farmer; for the animal health care delivery system, and more importantly, for the supervision of primary co-operatives and members education programme. “We, in the Federation, sitting at the apex, primarily are responsible for marketing of milk products and inter-districts liquid milk marketing; production scheduling; and negotiating with suppliers for supply of materials, required by the member Unions. This way, we achieve functional integration, operational efficiency and responsive delivery systems at the ground level”.

Apparently, different kinds of strengths had been built at various levels : adequate selling strength at the Federation level, technical efficiency and high productivity performance at the Union level, and widespread confidence and trust among farmers at the primary level.

And, these were the kinds of strengths that are behind the oft-quoted proclamation of the Gujarat Co-operative Milk Marketing Federation : "Every drop of milk shall be accepted, competitive price is assured and shall be paid within 10 days of the receipt of the milk by a co-operative in the State".

Mr. Patel, Managing Director, Mehsana District Co-operative Milk Producers Union concurred with Mr. Baxi's views. He was also of the view that the strength of the Farmer-Primary-Union-Federation chain had to be seen in the context of emerging needs at each level, in a fast changing environment. He quoted an interesting instance to support his views. Much before the State Federation came into being in 1973, sometime around 1966, an agreement called, "Employment Agreement" was reached, thanks to the foresight and vision of the leadership, between Kaira District Union - the owner of AMUL brand name and Mehsana District Union, the owner of the SAGAR brand name, on joining hands, and thereby avoiding unnecessary wastage of resources in mutual competition. Under the "Agreement" it was agreed that "Mehsana Union could use AMUL brand name for its products, and the Kaira Union would market these products". It was revolutionary change, Mr. Patel added, because "AMUL" which was the leader, could have easily said "No" to us. "Today, as you know, all milk products produced at any milk union in Gujarat are sold under the brand name of AMUL/SAGAR. And, you know, new organisations are prone to go for their own brands, but we all resisted this temptation". This was indeed a classic case of horizontal and vertical integration. "This benefited all, particularly the farmers of Gujarat", Mr. Patel pointed out.

"All Unions have long experience of processing of milk". Mr. Patel continued and these Unions are members of the Federation, and therefore the relations between the Federation and the Unions are qualitatively different. Unions have strength of their own and these have organised themselves into a Federation. Similarly, the primaries too have long experience and tradition of serving their members; and there-in lies the real strength of the chain, i.e. in the recognition of the strength of each by the others".

"Leaders as well as executives, at each level proudly proclaim" Mr. Patel added, "that they are the employees of the Gujarat milk producer, and they work for his benefit, by saving on costs of operations, by passing

on benefits of the new findings in the milk production and processing technologies, and above all, by undertaking effective value-added consumer marketing of milk products”.

Mr. Motibhai Chaudhary, Chairman, Mehsana District Co-operative Milk Producers Union, was of the view that “the strength or even the relevance of the co-operative system consisting of Farmer-Primary-Union-Federation chain needs to and should be seen in terms of real benefits that it renders to the farmer, and the extent to which it helps him to increase his real incomes. The farmer is the initial link in the chain, but also the most vital. Without his trust and confidence, everything else has no meaning or significance”.

We met a large number of dairy farmers in the districts of Kaira, Mehsana and Surat. Their primary expectations from the milk co-operative structure were : higher prices, prompt payment, availability of cattle feed at a competitive price, facilities for A.I., but above all, an effective and prompt animal health care delivery system. These farmers also expected honesty, fairness and devotion to work from the Committee Members of their co-operatives. These aspects in a way, were important, for, these also helped to create a climate of trust, confidence and mutual support in the village level primary co-operative.

Dr. Sheth of Kaira District Co-operative Union felt that dairy farmer is usually a “self centered person; We should never forget this fundamental reality. We must plan and then effectively deliver, benefits to the farmer on a sustained basis. The farmer must believe that he is benefitted when he deals with us, only then, we can achieve real integration between the farmer and the co-operative system”.

Dr. Sheth listed the following as the expectations of a primary co-operative from the farmer-members:

- consistent loyalty to the primary at all times; good times as well as bad times;
- supply of unadulterated milk;
- acceptance and assimilation of technical advice offered to him by the Union/Primary and taking such advice in the right spirit;
- vigilance at the time of election to the Managing Committee, so that only the right type of people get elected;

Dr. Sheth also identified the following expectations of the Union from the primary:

employment of right type of staff, responsive, honest, competent and who showed no favouritism or discrimination;

- fair treatment to the members by the staff (staff must be disciplined);
- prompt payment to members;
- proper maintenance of accounts and regular audit;
- willingness and ability to pass-on technical advice received from the Union to its members;
- ability to pass-on benefits (like vaccinations, opportunities for women training, distribution of leaflets) received from the Union to all members, irrespective of economic status, caste, political leanings; and these benefits must reach upto the last man;
- dissemination of guideline on productivity enhancement to members; and
- working as an effective link between the Union and farmer members;

Mr. Patel, Managing Director, Mehsana Union, was of the view that in addition to above, the primaries must exhibit strong commitment to technology transfer, genetic upgradation and introduction of new, balanced cattle feed, so that milk productivity increased at a faster rate than in the past.

Dr. Sheth stated that the primaries could not work independently; these were linked to the Union in several ways. Their relationships were however, delicate, constant liaison, mutual interaction and consensus building approach were very much needed to forge closer Primary-Union linkages.

In other words, in order to create a healthy and mutually supportive relationship, the Union should effectively perform the following tasks :

- It should always pass on benefits to the primary and its members- better price, good cattle feed, timely advice, dependable transport for milk, access to modern genetic technology.
- It should guarantee, and accept milk at, a fair price.
- It should offer as a package the needed services and goods to the farmer in the most convenient way and in a manner that the farmer had no difficulty in comprehending and accepting these services and goods.
- It should constantly monitor the activities and performance of the primary, particularly delivery of services to the members.
- It should deploy only such staff for extension work at the primary,

which enjoyed genuine trust and confidence of leaders, staff and members of the primary.

“In order to be able to command confidence of the primary and its members, the Union should give the feeling that its association and presence is always beneficial; and is not a burden on the primary and its members. It, in fact, should be seen as a boon.” Dr. Sheth added.

He continued: “our approach in AMUL, is not to leave any problem with the farmer. Rather, we anticipate and then seek to resolve all farmer related problems at our own level. When, for example, it was decided to introduce a new cattle feed at a higher price, we felt, that many farmers might not be initially able to buy it. So, we gave subsidy to those who purchased it, in the early stages”.

The essence of the federal structure, it would seem, lay in the functional smoothness, operational coordination and overriding goal of helping the milk producer. The federal structure, constituted as it was, involved, as well as, required continuous inter-action of several people on several levels—leadership, professionals and technical staff and ordinary members. The decision making processes had therefore, to be somewhat slow and consensus seeking in nature, as could be seen, during the period of the study, in respect of introduction of new cattle feed—by-pass protein (by-pass protein are defined here as those dietary proteins that pass intact from the rumen to the lower digestive tract). Its introduction in the cattle feed, manufactured by the Unions, and supplied through the primaries to the farmers, was expected to result in lower costs and higher yield of milk. But its cost per unit was higher than the cattle feed previously manufactured at the Union plants, and supplied to the farmers. Despite extensive education and member contact programmes, the acceptance of new cattle feed was rather low. Consequently, one of the Unions under study decided to supply old as well as new cattle feed to the farmer, leaving him to make a choice. Another made available the new feed with lower concentrate, but at the price of its old feed. The third Union simply stopped the production of old one and offered only the new one, creating in the process stiff opposition, from the primaries to its introduction and use. Obviously, the technical superiority and soundness of the judgement of the Union management in the first two cases were mellowed to accommodate the feelings and views of member-primaries.

This consensus building approach was also conspicuous in other spheres. The Federation sold milk in other parts of the country, at whatever price it could locally bargain. It then arranged supply of milk from different Unions. But a Union got the same price for the milk sold

through the Federation, irrespective of the price that the Federation had actually fetched in the market for milk supplied that particular Union.

It was repeatedly stressed, that almost in all areas, decisions in board meetings were arrived at by consensus. At no time had the voting been resorted to, for arriving at a decision.

Two factors appeared mainly responsible for consensus seeking approach: adherence to a widely shared ideology that underscored the fact that the co-operative system existed only to serve the dairy farmer, and the traditions initially built at Kaira District Union by stalwarts like Mr. Tribhundas Patel, its founder chairman and his fellow co-operators, and Dr. V. Kurien its first chief executive and his contemporaries.

This consensus seeking approach, in a way, also provided the framework for intra-system conflict resolution. Conflicts were identified and sorted out by mutual give-and-take, by adopting the problem-solving mode, and through discussions and inter-actions. One example of this mode of conflict resolution could be seen in the manner of distribution of surplus. In the words of Mr. Baxi "what price we pay to Union, nobody negotiates, there are principles which help decide prices".

Support from the bye-laws

The framework for intra-system relations between different tiers was also explicitly laid down in the respective bye-laws of the Federation, Union and the Primary.

The state federation

The model bye-laws of the Federation *inter-alia* stated :

Obligation of Members

Every member shall:

- Plan the procurement scheduling as per the directives of the Federation;
- Process, manufacture and market all of its dairy and allied produce as per the directions of the Federation; Marketing of milk and milk products outside the jurisdiction of the Union shall be undertaken only through the Federation;
- Adhere to the programme schemes and plans provided by the Federation in respect of all the activities such as;

- i) Procurement;
- ii) Production-manufacture under different brand/trade marks;
- iii) Organisation of societies;
- iv) Manufacture dairy and allied produce as per the quality and standards fixed by the Federation;
- v) Pricing, standard of quality and Procurement of raw material and packing material;

Failure on the part of the members to fulfill the above and such other obligations shall make them liable for consequential losses to the Federation as may be decided by the Board.

The District Union

Model bye-laws of the Union provided the following :

“Obligations of the Ordinary Member

Every member shall

- Supply commodities procured or pooled by it with the exception of what is retailed for local consumption, only to the Union and will not supply or sell directly to any other agency;
- Buy shares and/or debentures in relation to the value of commodities handled through the Union as may be called upon by the Board with the provision that the maximum amount to be so prescribed shall not exceed 20% of the value of the commodities supplied to the Union during the previous year;
- Follow directions issued by the Union for delivering commodities such as place of delivery, time of delivery, transport and like;
- Collect commodities as in pure and unadulterated conditions;
- Follow such directions as the Union may otherwise issue and provide whatever information the Union finds necessary for promotion of the objectives of the Union;

Failure on the part of the members to fulfil the above and such other obligations shall make them liable for consequential losses to the Union as may be decided by the Board.”

The village primary

The model bye-laws of the milk producers’ primary co-operative society *inter-alia* provided the following :

“The duties, rights and responsibilities of the Managing Committee over and above those mentioned already on the bye-laws will be as under”.

“To arrange the purchase/sale of milk, ghee, cattle feed etc., as per the instructions of the District Co-operative Milk Producers’ Union and to carry out all the instructions of the Union”.

Nurturing Integration within the System

Mr. Baxi was of the view that achieving and maintaining integration between different tiers was fundamentally and primarily the responsibility of elected co-operative leadership. It was leadership that nurtured and nursed integration.

“Problems would be minimal when leaders shared common ideals, common commitment and common purpose. It was the leadership of AMUL which had readily agreed to share the AMUL brand name with other Unions, without charging a paisa - a gesture from one farmer to another”. He said that integration among co-operatives at different tiers could be “nurtured and maintained by creating a culture where each did his best to extend help to others, raising consciousness among farmers so that they demanded results from the co-operative system, developing confidence among them in our competence and ability, sharing benefits, and taking a long-term view of the collective interests of the farmers”.

He added, “We should accept the fundamental obligation that we all are first and foremost the employees of the milk producers, for whose interest we are all working. If we accept this, then we have to work for the benefit of farmers. In that case, all other decisions fall into one piece.”

“We must ask this basic question : Did I give my farmer adequate money for the effort he had put in to produce milk? Did I give him adequate price? Did I give him adequate benefit? If you have this approach, you nurture and maintain integration” Mr. Baxi pointed out.

Mr. Patel, M.D. Mehsana Union, held the view that integration could be nurtured and promoted by creating confidence among farmers in the system. This could effectively be done by raising their productivity through technology transfer and raising their incomes by ensuring a higher price. It could also be promoted by ensuring that route trucks reached the primaries in time, their milk did not turn sour, and payments were made in time. “People will judge you how do you perform, whether you have the integrity, and are worthy of their trust and confidence”, he

said and added : “Vibrant democracy sustained through periodic and fair elections, was yet another important factor, so were professional management and absence of politicisation of management in co-operatives”.

It would seem that an important cementing force in this respect was the professional and technical staff who had spent long years in their respective Unions, and who had a high degree of motivation and a sense of devotion and commitment among them.

Mr. Motibhai Choudhary attributed the high degree of motivation and commitment in the staff, in turn to the high degree of devotion and concern shown by the elected leadership and, to some extent, to the still-lingering Gandhian culture of self-less service and rural re-construction work. Equitable distribution of surplus by the Federation among its member-Unions, and by member-Unions among their members-Primaries, was listed as yet another factor contributing to closer integration.

Mr. Baxi cited the example of AMUL butter. The butter was produced in four Unions, but irrespective of cost of production at a particular Union, each got the same price from the Federation. Similar was the position in respect of liquid milk sold by the Federation outside Gujarat. This was partly a question of principles, but also of discipline. Each Union was expected to control its costs of production and remain competitive. “Pooling of resources and pooling of benefits and their sharing cemented the bond of integration”.

Accountability of staff

A remarkable feature of the Milk Producers Unions in Gujarat--by far the most vital link in the chain--was that almost all the older Unions i.e. at Kaira, Mehsana and Surat, had the same persons as chairmen and chief executive's for the first two decades or more, of their working. Given their old world values, Gandhian traditions of self-less work, and long association with Unions, they invariably displayed a marked concern for dairy farmers (whom they usually personally knew), personal touch in their dealings, but above all, an unflinching grasp of what was really expected from the Union. This, undoubtedly had a salutary effect on the staff, whose accountability, in a way was clearly established. But more than that, the chairmen/chief executives, by virtue of their own personal commitment, had always set high standard for the rest. They also perhaps expected high performance standards. Their high performance expectations from the staff, in turn, created a culture characterised by high degree of concern, commitment and accountability by the staff. These spurred the staff to do even better.

Threats to integration

Dr. A.A. Chothani, Managing Director, National Federation of Dairy Co-operatives of India identified the following as the possible threats to structural integration among milk co-operatives.

- excessive politicisation;
- growth of vested interests which might be looking for ways to make money on the sly;
- lack of motivation among the field and extension staff;
- stagnation and/or low growth in productivity at the level of farmers and Unions;
- government policies particularly in respect of appointment of staff, nomination to the board of directors and pricing;
- new generation of co-operative leadership at the grassroots level, with different perception and different self-image than those of the previous generation.

Mr. Baxi cited the example of levy of taxes by the government on transactions between the Unions and the Federation, which mitigated against the emergence of integrated federal structure.

Dr. Sheth felt that with the gradual emergence of new leadership at the village level, the traditional view of the Union and its role, were undergoing a subtle change, as was the quality of mutual relationship. All these factors, should merit special attention in the future.

Remedial steps

Dr. Chothani said the following aspects were essential to ward off threats to integration, and to induce co-operatives to continue to serve their members.

- high degree of members-consciousness and awareness through sustained programme of education;
- unity among technical and professional staff at all levels;
- watchdog role of development financing agencies like NDDB; (constant monitoring)
- suitable bye-laws which helped them forge closer integration; and
- continued attempts to increase members' productivity and income through technology transfer, efficient operations and a sensitive, committed extension staff.

Future scenario

Dr. Chothani had the vision that one day, thanks to closer integration, between the dairy farmer the Primary the Union, the State Federation, and the National Federation, the country would have a national milk grid. It would then ensure that milk was produced wherever it was more productive to do, and would flow wherever it was in demand.

Mr. Baxi held the hope that one day every dairy farmer in the country, irrespective of his location, would get the same price, thanks to closer horizontal and vertical integration among co-operatives and the farmer, for the liquid milk delivered to his primary co-operative. He also foresaw the day when milk products would be sold under the same national brand (s).

Dr. Sheth quoted a foreign expert to stress the point that in the life of a co-operative, there were ebbs and flows. After a generation or so, a co-operative needed renewal. Thus, even as the membership of primary co-operatives and the managements of the Unions were passing on to a new generation, fresh attempts to rekindle the old spirit would be needed, in order to sustain the tempo.

Mr. Motibhai Choudhary feared increased politicisation in the future, but wistfully commented that it would perhaps be contained.

Every one, however, was of the view that given the high stakes of the dairy farmer in the success of milk co-operatives in Gujarat, their high performance would always be somehow ensured.

So, it ought to be.

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CHAPTER XIII

Impact of Integrated Processing Cooperatives on Rural Economy

A Case Study of Sugar Cooperatives in Maharashtra

One of the most remarkable facets of economic development of rural Maharashtra has been the emergence of agro-based, modern integrated co-operative industrial complexes, in the rural areas. Large segments in the country-side, are now dotted by co-operative agro-processing units, of sugar-cane, cotton, milk, and oilseeds.

Yet, almost only three decades ago, there was hardly any industry of this nature and size, in the state.

These giant integrated co-operatives have brought, in their wake, prosperity and modernisation, helped establish communication linkages of even remote areas with the outside world, create thousands of job opportunities directly in the units themselves, and indirectly in services like harvesting and transportation of agricultural produce, construction and road building, and in small repair and maintenance workshops. The jobs have also been created in services like banking, wholesaling and retailing, storage and warehousing and sundry others.

These co-operatives have indeed transformed the life-style of the people, particularly those who own land. Thanks to their experience in co-operatives, an altogether new class of entrepreneurs, has emerged, who now dominates the political and economic landscape in the rural areas.

Maharashtra - a profile

Maharashtra is one of the major states in India. It is the third largest in area as well as in population. The degree of industrialisation in the state is above the average in the country. Yet it has a vast rural

hinterland, which had almost existed on subsistence farming for ages. The productivity of land had been low. The state, although accounted for 11% of the area under foodgrains, and 34% under cotton, during the year 1981 - 1982, yet the production of foodgrains was 8%, and that of cotton 19%, of the total for the country as a whole.

Low productivity was largely a result of low irrigation facilities; hardly 19% of the net area sown and 12% of gross cropped area in the state, was irrigated, as against 26% and 27% respectively in the country. The size of the individual land holding of 1.4 hectare was also smaller than the average for the country. Lower production and lower level crops, combined with lower value added support system had kept the income of the farmer low. No wonder, 58.62% of the population in the rural area in the state of as against 52.82% of the population in the country, lived below the poverty line in 1977-78. It is in this milieu of poverty, draught and low level of value added marketing support system, that first attempts were made, three decades ago, to organize small sugarcane cultivators into a processing co-operative at Pravaranagar - a small hamlet in Western Maharashtra. The initiative had come from a local leader, but the faith and confidence among small cultivators in this initiative was based on their earlier and largely beneficial experience of the agricultural credit cooperatives. The credit cooperatives over a period of 30 years and more in the area, had largely succeeded in tackling the problems of rural indebtedness, usury and money-lender's exploitation. At the same time, these co-operatives had already demonstrated and established the effectiveness of local initiative, collective participatory effort and self-help.

This sugar co-operative in Pravaranagar within a short span, demonstrated its effectiveness, when it helped fetch assured and higher prices for the cane-grower. No more risk of fluctuating prices, no more hassle of hiring technicians to convert sugarcane into raw sugar, and no more spectre of burning cane in order to maintain the price level. The cane cultivator, particularly the small one, for once, had the protection of a "shield for the poor". Prompted by the success of this early foray by an agricultural processing co-operative, and duly encouraged and supported by the state government and the co-operative financing institutions, almost five thousand, - of which 120 very large sized units - of different types and sizes of agro-based processing co-operative had since been organised in the State. These covered as diverse fields as sugarcane processing, cotton ginning and spinning, dairying, oilseed processing, fruits and vegetable canning and processing and several others. Over a million large and small farmers were their members.

Impact

Undoubtedly, many of these cooperatives had brought prosperity, and new consciousness, and an entrepreneurial outlook among the rural people, particularly, the larger farmers. In terms of real economic gain, these cooperatives had helped earn a higher, assured price, minimized risk at pre-and post-harvest-stages and initiated new agricultural practices. For once, a farmer had access to a dependable, often effective marketing system which guaranteed marketing and a fair price. As these cooperative added value by undertaking primary processing, they contributed to the increased incomes of the farmer. A small farmer could now safely invest in a pump-set, higher quality seed or fertiliser, or, in new crop, or even in cross breed cow, all thanks to the dependable and sensitive cooperatives. ¹

Many of these integrated cooperatives also provided extensive and comprehensive farm advisory service, on uses of inputs and pre-and post-harvest crop care; some of these have their own seed farms, run agro-service centres, help build irrigation facilities and provide transportation services. In fact, many of these cooperatives had helped organize irrigation cooperatives, construct dams, and sink tube-wells in order to ensure continuous flow of irrigation water to the cultivator. In the past, after all, it was the paucity of water for irrigation, that had kept them on the margin. But now supported by a team of extension workers employed by cooperatives, these farmers had undergone a transformation. They were ready and willing to switch over the new agricultural patterns and practices. Production and productivity, were thus rising, in some cases, by as much as a factor of five. So was their prosperity. This was of course particularly true of large farmers, who flushed with cash and newly acquired clout, both stemming because of the cooperatives, dominated the political and social life in the rural areas.

It was also widely recognised that as a result of their experiences in cooperatives, a new breed of rural leadership had emerged which held almost a complete sway over political levers in the state. No political leader was sure of his future, unless he had firm roots in a large-sized processing cooperative.

The impact of these cooperatives on small farmers however seemed to be less spectacular. The primary reason of course was that the small farmers had only small parcels of land, for growing cash crops like sugarcane, their capacity to take risk also remained limited, and their access to the benefits from these cooperatives were at times curtailed by the more powerful large farmers. The small farmers had none-the-less

benefitted; their production and productivity had gone up, so had their incomes. Indirect benefit from the growth and expansion of agro-processing co-operatives had also flowed to them. These co-operatives, for instance, had created several direct and indirect jobs for small farmers and landless. Some of these co-operatives had sponsored technical training centres, higher level educational institutions, health care centres, drinking water schemes and irrigation projects. Benefits from these accrued to the entire community, admittedly in varied proportions. The children of small farmers and landless labourers, for the first time, had access, almost free of cost, to modern education and technical training centres, thanks to the social development project sponsored by these processing cooperatives. Hopefully, they would be absorbed in the employment market, thus raising family incomes.

Thus, the effectiveness of these co-operatives in terms of promoting and protecting the interest of small farmers, increasing production and productivity, ensuring higher prices and accelerating the process of social and economic development in the area of their operations, had been remarkable and without parallel.

Reasons of success

Three sets of factors can be identified for their rapid development. Firstly, it was the success of the initial venture in the form of sugar co-operative in Pravaranagar. The farmers, political leaders, social scientists and many others saw this pioneering effort as a techno-economic system, that had the potential to transform the rural life. This co-operative at Pravaranagar not only soon became an alive, shining demonstration unit, but also created considerable confidence among the farmers, similarly placed elsewhere, in the effectiveness of agro-processing co-operatives. Secondly, the agro-climatic conditions (which favoured sugarcane and cotton cultivation), supportive state policies designed to encourage organisation of co-operatives, and extremely helpful role of the government created support system, notably, the State Co-operative Bank and Industrial Finance Corporation of India, all combined to underpin their development. Thirdly, the rural communities, particularly the larger farmers, saw in the rapid growth and development of such co-operatives, an opportunity as well as a means to assert their self-identity in the face of an age-old dominance by the urban elite of different social groupings and castes.

The stress laid by the leaders of these cooperatives on the wider socio-economic development, can best be appreciated against this perspective.

No wonder these co-operatives had been adroitly used by the landed gentry to ascend the political pedestal in the state.

Modus operandi

Invariably, a co-operative of this nature is organised in response to the felt need of the farmer in the area, and in tune with resource availability. Typically, one or more spirited leaders take the initiative and mobilize the minimum capital. The state government, the State Co-operative Bank, the National Co-operative Development Corporation and the long-term financing institutions are then approached for undertaking techno-economic feasibility studies, securing necessary licences, raising working and long-term capital, and assistance in procurement of machinery and its installation and operations. The national level co-operative federations also provide consultancy and management advice in launching these units on smooth lines.

Initially, the members' contribution towards the share capital is only nominal. But as soon as their incomes start going up, they are persuaded to part with a portion of their increased incomes as non-refundable deposits, in order to pay-back the loans and share capital contributed by the government and long-term financing institutions. Over a period of 5-7 year a self-reliant cooperative emerges, in quest of a better standard of living for the entire community.

The favourable economics as well as the success of these cooperatives were linked to the choice of technology which was often highly capital intensive. Thus, each cooperative was primarily conceived as the techno-economic system which had backward linkages extended to cover the farm practices of the farmers-members, and forward linkages with the ever changing tastes and trends in the market. In practice, this mix of capital-intensive technology and improved farm practices by the farmer, had helped farmers to increase their incomes several fold. It was not surprising, therefore, that when these co-operatives withheld a part of their incomes as non-refundable deposits for growth and expansion, or made deductions for social and community development, or, extension services, farmers ungrudgingly approved'.

A success story:

An outstanding example of the success of such an agro-based co-operative could be seen in the small village of Warananagar in Kolhapur district of Maharashtra.

Warananagar was once a barren tract of land on the banks of Warna river in western Maharashtra. Way back in 1950, it had a population of 3,000. The principal occupation of the people, as elsewhere in the area, was agriculture. They grew sugarcane and paddy, but the yield of both was rather low. Climatic conditions favoured growing of sugarcane, and it was thus a popular, but by no means a remunerative crop, in the region.

Most of the farmers around Warananagar were converting their sugar cane to jaggery (raw sugar), with the assistance of jaggery technicians, who were usually brought to the village at a high fee. This jaggery was then sent, at the farmers risk, to the brokers in the city, for sale.

During 50's, when at times, sugarcane had to be burnt by the farmers in the field, in order to keep up the price of jaggery, that the first sugarcane processing co-operative in Pravaranagar was organised. The subsequent working and performance of this cane-growers co-operatives had demonstrated that sugarcane cultivators did not always have to depend on the services of jaggery technicians or brokers for getting a fair return. Rather, by forming a processing co-operative of their own they could as well earn a reasonable return for their cane even in a year of glut.

Inspired by the sterling success of that sugar co-operative, Tatyasaheb Kore, a son of a cultivator-cum-jaggery trader in Warananagar took upon himself the task of organising the cane cultivators, of his own area, into a similar co-operative. After tireless persistence and hard work, and overcoming several odds, could he enlist not only the support of some fellow farmers but also collect enough money to claim government support and licence for setting up the Warnanagar Sugar Co-operative (WSC) in 1957.

Consistently higher and assured return on the cane, soon convinced farmers that the co-operative was indeed an effective institution which could be relied upon. Consequently more and more land was brought under cane cultivation, barren pieces of land were reclaimed, much of the hilly terrain was flattened, and maximum land was brought under use.

With a view to sustaining the interest of the cultivators, WSC had arranged for the supply of quality seeds, soil testing facilities, timely supply of fertiliser - all under the guidance of the trained agricultural scientists, Technical experts were hired to advise farmers on sowing operations and water doses and for undertaking cane maturity survey. To secure higher sugar recovery, the responsibility for harvesting and transportation of the cane to the factory was taken up by WSC, at its own costs.

In 1970, a plan was prepared by the government to put up a dam on Wana river so as to facilitate irrigation of additional 800 hectare of sugarcane land. The scheme, however, could not be carried out, because of shortage of funds for the purpose, with the government. The proposal was accordingly deferred. As this would have affected the future prospects of the farmers in the area, the WSC came forward to finance the project, if only the government agreed to repay the principal amount, with interest, later. The government accepted this proposal; WSC thereafter took up the task, put up the dam and thereby assured supply of water to an additional 800 hectare sugarcane land owned, by the farmers in the area.

For the smooth and speedy transport of the cane, over 120 km. of roads had been constructed, and was maintained by WSC. Undoubtedly, these roads also enabled members and others to move around smoothly, especially while reaching outside areas.

With a view to catering to the educational needs of the school and college going students, living in the area of its operation, WSC sponsored an Educational Society. Under the auspicious of this Educational Society a primary school, a higher secondary school, a science and commerce college an engineering college had been setup, within the WSC complex. This Society had also constructed hostel buildings to enable those students, who did not have adequate or convenient place to live in the hostels, at nominal charges.

Subsidiary industries

WSC sponsored a giant co-operative dairy complex to encourage farmers especially, the smaller ones' to take to subsidiary agricultural activities-like animal husbandry. This dairy collected milk from members, pasturised it and marketed it to a state sponsored milk marketing agency, at a mutually agreed price. This dairy made butter, baby-food etc in order to ensure better return for the farmers. The WSC also took initiative to organise a chain of poultry co-operatives, and to make arrangements for marketing their products.

Employment

It was estimated that the WSC complex had created more than 3000 jobs directly, and also indirectly supported more than 25,000 families, which were engaged, particularly during the cane crushing season, in services like harvesting and transportation of cane, banking, repair workshops, wholesaling and retailing and the like.

The most remarkable feature of WSC was in creating a spirit of self-reliance. The entire development work, expansion of daily crushing capacity from 1.500 MT to 4.000 MT per day of the sugar mills, organisation of other types of co-operatives, building of different institutions had all been made possible through locally raised resources, and without dependence on any outside support.

The moving spirit behind this unique feat of social engineering, Tatyasaheb Kore, had obviously, a grand design in view. We met him to ascertain his vision and future plans.

“We have a vision of a community, where each family earns at least Rs. 1000 per month and enjoys a total health, social and educational cover through systems created by the community itself. The common man is central in all our endeavours” he explained, while summing up his basic approach.

Not all the agro-based processing co-operatives, were though, that fortunately placed, nor did they have equally devoted and committed leadership. Far from that, some of these co-operatives suffered from acute dissension, political rivalries, poor maintenance and non-performing management. There was a widespread feeling that a few of these co-operatives were dominated by rich, powerful barons, who manipulated newly acquired levers of power to perpetuate the forces of status-quo. The small farmer, the agricultural labourer and the rest of the community thus often remained, in such cases, beyond the pale of benefits of development.

But these were some of the hazards of rapid industrialisation in a traditional society. In a way, it was also partly a fall-out of the model of development that India had opted, but WSC showed what was possible to accomplish, even under the existing conditions.

Reasons for success

Several studies have been made to identify the reasons for the success of integrated agricultural processing co-operative such as WSC. These studies, indicate that among the major reasons for their success, was the presence of a charismatic leader, who took the initiative, and remained at the helms for sometimes until its management and operations stabilized. The choice of appropriate technology for processing was listed as another reasons. Unless the chosen technology proved superior to the one employed by the competing systems, it was unlikely that co-operative would be able to give higher price to the farmer, and at the sometime, had enough surplus left to offer cost-free extension services. The quality

of the management, in this context, was of crucial importance. Application of technology was just not enough. Many co-operatives had faltered because of poor, inept management, even when the technology was sound. Yet another reason for success was the ability of a co-operative, first to help the farmer to increase his productivity and production, second to collect and process the increased production, and third, market it, to fetch on assured and a consistently higher price.

Finally, successful co-operatives had developed a fine sensitivity towards collective needs and aspirations of farmer-members. That was achieved by involving the farmers in the policy, and decision-making processes. The line dividing democratic control and interference from lay-members was only too fine. The test of the success of management of a co-operative was in recognising this crucial difference.

These were, then, some of the reasons for the success of the integrated agro-processing co-operatives, and their role in the rural development.

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PART - IV
Productivity & Technology Transfer

CHAPTER XIV

**Productivity Concept, Measurement
& Approaches to Improvement**

Views on productivity for definition and understanding have not been consistent or uniform. An author has identified 15 different definitions of productivity in the literature. ¹

One can, for instance, talk in terms of productivity movement, as we do sometime in this country, or productivity in business, industry or productivity of a particular organisation, or, even productivity of a worker. Similarly, one can talk of agricultural productivity in terms of yield per hectare, or, in terms of results achieved per farm-worker.

What is productivity?

Productivity is not production, it is not crushing sugarcane and producing sugar without regard for safety and quality. Nor is productivity performance, nor is it results. Production, performance, results are components of a productivity effort, but they are not equivalent terms. Most people associate the concept of productivity with production and manufacturing because, that is where it is most visible, tangible, and measurable. Many people have traditionally held the view that productivity can be defined as output per labour costs. But productivity is a wider concept :

“Productivity is the measure of how well resources are bought together in organisations and utilised for accomplishing a set of results. Productivity is reaching the highest level of performance with the least expenditure of resources”. ²

There are two parts in the definition. The first part is a set of results or performance. Accomplishing a set of results or performance refers to

the effectiveness in reaching a particular goal without serious regard for the cost incurred in the process. Profits, bags of sugar produced, yield of cane achieved per hectare are examples of accomplishment. Accomplishing a set of results is by far the most important focus of the productivity concept, because without a set of results there is no assessment of productivity.

The second part of the productivity definition implies consuming resources, without which achievements are not likely to happen and productivity can not exist. The second part of the productivity concept specifies the number, type and level of resources needed. Productivity requires resources such as plant capacity, personnel, costs, raw materials, facilities, capital, technology, budgets, supplies and information. How well these resources are brought together refers to the efficiency of achieving results with minimal expenditure of these resources. Higher productivity suggests minimum use of resources.

Efficiency implies the attainment of a level or range of results that is acceptable but not necessarily desirable.

Productivity is a combination of efficiency and effectiveness.

Effectiveness is related to performance, efficiency to resource utilization. Productivity is thus achieving the highest results possible while consuming the least amount of resources. ³

How well resources are brought together and utilised is indicated by comparing the magnitude or volume of results, often called output (effectiveness) with the magnitude and volume of the resources, often called input (efficiency). This ratio becomes an index of the definition and measurement of productivity :

$$\text{PI (Productivity Index)} = \frac{\text{Output Obtained}}{\text{Input Expended}} = \frac{\text{Performance achieved}}{\text{Resources Consumed}} = \frac{\text{Effectiveness}}{\text{Efficiency}}$$

Productivity concept in co-operatives

In the context of an agricultural co-operative, the concept of productivity and its measurement and improvement need to be discussed at the level of the co-operative itself, but also and importantly, at the level of its farmer-members. For, improving members productivity is a major aim of an agricultural co-operatives. It is well worth recalling, in this context, what an ILO publication on Productivity Management, states for productivity in public (government) sector. ⁴

“There is a significant difference in the appraisal of public (government sector productivity and that of private industry. The output of the latter can be counted at the point of sale and directly related to the relevant labour or other input. In the public sector there is a difference between an agency’s output and the achievement of the agency’s mission. An agency’s final output compared with its input is its ‘efficiency’. The impact made by the agency’s programme is its ‘effectiveness’.

For example, when a government trains unemployed persons to help them find employment, the number of people trained per teacher is an efficiency measure; the proportion of trained people who obtain jobs is an effectiveness measure. So for an internal government agency productivity measure (efficiency) should be supplemented by an evaluation of the validity of the causal relationship between the agency’s output and the achievement of its objectives.

To determine effectiveness indicators, agencies must identify specific units of service which are countable, fairly homogeneous over time, adjustable for quality changes, and which reflect a significant proportion of the agencies workload. In addition, since historical trends are of interest, it is important that the measures be derived from readily available records”.

What holds true for a public body vis-a-vis general public, should equally hold true for a co-operative, vis-a-vis its membership.

Major factors influencing productivity

The factors that appear to influence productivity at macro and micro level are given below: ⁵

- i) Macro Level Factors
 - a. Government Policy
 - Planning and infrastructure
 - Price stability and deficit financing
 - Low tax base
 - Role of public enterprises
 - Licensing
 - Place of small-scale industries
 - Import substitutes and export promotion
 - Changing pattern of demand

- Competition
- Quality and growth
- Growth and environment
- b. Resource Endowment
 - Natural resources
 - Human resources
 - Financial resource (foreign aid)
 - Technology
 - Organisation and management
- c. Cultural and Social Values
 - Attitude of people
 - Focal social values

ii) Micro Level Factors

- Management
- Manpower
- Industrial relations
- Capital factors
- Technology factors
- word factors

iii) Macro and Micro linkages

- iv) Availability of infrastructure like power, water, transportation, education and skilled labour and communication.

The following conclusions arrived at in a study of factors which hinder or help productivity improvement in the Asian region should be of more than academic interest.

Factors that Hinder Productivity ⁶

It may be of interest, if only to ensure clarity, to identify some of the negative factors, i.e., the factors that hinder productivity improvement. Some of these factors are peculiar to and are particularly visible in, developing countries. The factors are:

Social Values

Traditional value system and related values of work, life, progress and group behaviour; non-encouragement of mobility and of rational attitudes looking out for a change for the better; absence of team spirit, cooperation, discipline, resilience, and inability to adapt; etc. hinder productivity improvement.

Government

- Feudal and colonial past leading to a bureaucratic set up that is more procedure and rule oriented than result oriented;
- Weakness in integrated planning and effective implementation of planned programmes; lack of management orientation (achieving results through effective use of available resource, as opposed to enforcing rules and regulations) in government and other non-industry sectors of the economy, causing delays and creating frustrations all around.

Resources

- Shortage of capital and lack of internal saving propensity.
- Insufficient information about resources and inability to generate, mobilize and utilize resources.

Infrastructure

- Poor infrastructure - power, transport, communications, education, health, R & D etc.

Management

- Inadequate management development (self or otherwise) due to a variety of reasons;
- Lack of innovative and participative (not to be mistaken with worker's participation) management as a means of improving managerial effectiveness, individually and collectively.
- Ineffective first-line management and lack of recognition of the same at higher levels.

Labour

- Shortage of skills at different levels
- Labour indiscipline and poor industrial relations.

Measurement of productivity

A basic pre-requisite for productivity improvement in an organisation is that both the output (performance achievement) and input (resource consumed) be measurable.

If performance and resources can not be measured, the processes must be rearranged so that measurement can be taken. The basic arithmetic of productivity is simple; the ratio of some measure of output to some measure of input. The measurement of these two dimensions is crucial in any productivity effort. This ratio commonly called the productivity index, or a ratio, measures how well resources are expended in the context of accomplishing a mission, or, a set of objectives.

The following illustration, in the case of a sugar co-operative, differentiating between a goal, performance objective, performance standard and a productivity objective will make the position clear :

Goal

Increase the number of crushing days.

Performance Objectives

Increase the number of crushing days from 150 at present, to 180 days during 1991-1992 season.

Performance Standard

Performance will be satisfactory, when the number of crushing days, is not less than 180.

Productivity Objective

Increasing the number of crushing days from 150 to 180 through cane development efforts, whose cost will not be more than Rs. one lakh.

The need to manage productivity with measurement is found nearly in every work process of nearly every organisation, and therefore, represents a primary goal of an enterprise. Moreover, to be effective any system of productivity requires evaluation - evaluation readily understood, simple to implement, easy to administrate and clearly cost effective. This means that the evaluation system must have a basis of measurement - measurement that must be agreed upon and designed into the system for evaluation to work.

Why productivity measurement is difficult? ⁷

The development of measurement of productivity, as a discipline has clearly been slow. Few, if any, organisations use productivity measurements as a day-to-day, week-to-week, or month-to-month tool. There are several reasons for this.

Approaches to measuring productivity

A modern organisation has multiple goals, these goals are invariably sought to be achieved through deployment of a variety of resources; people, technology, materials, equipment, finance, organisation, management and others, and it has always been difficult to establish one-to-one relationship between inputs and outputs. A single yardstick to measure productivity is therefore clearly out of question.

One way to meet the situation as Westwick stressed, is that several ratios be developed for one organisation, with additional ratios for different levels of management. This might mean each organisation would have its own 'model of measurement' that would be unique and not particularly very useful for other organisations.

The value of quantifying work expectations ⁸

Attempts to measure productivity had been varied and usually limited in scope - like checking the temperature of human body and declaring when it is at a certain level, that a life is in excellent shape. Quantifiable factors in the productivity process such as costs, time and performance can be evaluated, yet it is well-known that everything cannot be measured - at least with out present knowledge. This would suggest that evaluations of complex productivity processes should be made with caution.

All earlier attempts of measuring productivity were built upon quantifications. Infact, for evaluative purposes, productivity can and should indeed be quantified. There are many advantages in quantifying productivity. However, all work can not be quantified; therefore, qualitative assessments may sometimes prove useful to evaluate productivity. As a guide, highly structured, repetative tasks tend to be suited to quantitative evaluation. Creative, abstract, non-repetitive tasks tend to be better suited to qualitative evaluation.

Implementing a measurement technique ⁹

The implementation of a productivity measurement technique involves several steps :

- Making the decision to measure productivity;
- Defining the target organisational system and the required level for intervention;
- Defining the measurement time period;
- Selecting the measurement technique;
- Using the measurement technique.

Measurement by Using Productivity Audits

Productivity auditing is a process of monitoring and evaluating organisational practices to determine whether functional units, programmes and the organisation itself are utilising their resources effectively and efficiently to accomplish objectives. Where this is not being achieved productivity auditing recommends necessary action to correct and adjust shortcomings, poor results, and system deficiencies. A recent report on factors which hinder or help productivity improvement however included capacity utilization as a measure of productivity, as it is an indicator of the efficiency with which the scarcest resource, namely, capital is utilized, and “the measure of capital productivity is free from variations in the level of prices of both inputs and outputs.”¹¹

Approaches to improvement of productivity

Before discussing the various approaches to improve productivity in an organisation, let us list the major causes of the productivity crisis in organisations. ¹²

Some of these causes are :

- Cause 1 Shocking wastes of resources result from our inability to measure, evaluate and manage the productivity of a growing white-collar work force.
- Cause 2 Spiraling inflation results from giving rewards and benefits without requiring the equivalent in productivity and accountability.
- Cause 3 Delays and time lags from diffused authority and inefficiency in complex, super organisations.
- Cause 4 Costs soar from organisational expansion that reduces productivity growth.
- Cause 5 Low motivation prevails among a rising number of affluent workers with new attitudes.

- Cause 6 Late deliveries are caused by schedules that have been disrupted by scarce materials.
- Cause 7 Unresolved human conflicts and difficulties in cooperation result in organisational ineffectiveness.
- Cause 8 Management options and prerogatives are constrained by increasing legislative intrusions or antiquated labour laws.
- Cause 9 Dissatisfying and boring work has resulted from specialised and restrictive work processes.
- Cause 10 New opportunities and innovations are declining from impact of rapid technological change and high costs.
- Cause 11 Time commitments are disrupted from the increasing demand of leisure time.
- Cause 12 Practitioners become obsolete because of their inability to keep pace with information and knowledge.

Principles of productivity growth ¹³

The ten principles described below are guides for thinking, planning, and productivity growth. They should help one to grasp the concept of organisational productivity, and processes that bring about higher productivity.

Principles of ratio time measurement

Productivity is more likely to improve when expected results are measured and made greater in the same time frame than expected resources are measured and made less.

This principle stresses that while improving productivity more importance should be given to performance than to resource utilisation.

Principle of shared gain

Productivity increases rapidly when its expected benefits are shared with those who will produce it.

Principle of expectancy alignment

The greater the alignment of employee expectancies (needs) with organisational objectives (targets), the greater the motivation to accomplish both.

Principle of worker accountability

Accountability for productivity is more likely to happen when employees understand, participate in, and are held responsible for productivity objectives, measurement and evaluation.

Principle of focus

The greater the focus toward productivity objectives on a time scale, the greater the likelihood of achieving these objectives.

Principle of creating potential productivity

Productivity gains are more likely to be achieved from situations where the potential for productivity gain is created.

Principle of continuance

Productivity tends to continue when achieving an objective does not incapacitate or destroy any of the factors which promoted it.

Principle of work justice

Productivity is more likely to continue when employees are given equal pay for equal work; when employers are given equal work for equal pay.

Principle of elasticity

Productivity tends to increase when the same amount of work is achieved in a shorter period of time.

Principle of resource priority

Productivity increases when objectives for productivity set the priorities for resource allocation.

Productivity improvement approaches ¹⁴

Two sets of approaches are popularly utilised for productivity improvement. viz:

- The technical approach
- The human approach

The technology approach includes the use of the following techniques:

- work study
- method study
- work measurement
- work simplification
- just-in-time method
- cost benefit analysis
- zero base budgeting
- cost productivity allocation

The human approach includes the following techniques:

- organisational development
- brain storming
- force-field analysis
- nominal group technique

General strategy for achieving higher productivity ¹⁵

The first step

Develop Productivity Mindedness

Productivity mindedness is a frame of mind noticed in employees in which continued interest is shown in wanting to improve work and productivity. Productivity mindedness is more than a matter of lip service. It is a genuine interest noticed in attitudes and borne out by action. Attitudes that prevent contribution towards greater productivity must be dealt with in a deliberate way.

Five practices are suggested for supervisors that would contribute toward this development.

- Supervisors must give facts and information to counter negative attitudes.
- Supervisors themselves must be examples of productivity mindedness.
- Give productivity orientation and training to employees.
- Communicate concern and need for productivity improvement to employees.
- Allow participation in productivity decision making.

The second step

Use Equipment Aids Where Possible

Equipments often help employees improve productivity particularly when they reduce repetitive labour saving, efforts.

Three guidelines should be kept in view, while selecting equipment :

1. Equipment that reduces the amount of time and resources consumed or wastes created.
2. Equipment that increases the output performance of the worker.
3. Equipment that improves the quality of the output.

The third step

Increase Discretionary Content of Jobs

Job enlargement and job enrichment should be encouraged, instead of specialisation, simplification and standardisation.

The fourth step

Replace Performance Appraisals with Productivity Appraisals

The traditional practice of performance appraisals relies heavily on supervisory judgement and perception of the output of the employee. More often than not, it has been a guessing game. This needs to be replaced by a productivity appraisal system.

The fifth step

Give Time Management Training

Time management is of utmost importance particularly for non-manual workers. Time is one single resource which must be made more productive.

The sixth step

Motivate

Motivation is a key process in managing people. The base motivation will come when the supervisors can create supportive environments, where people feel free to meet their needs even as they work toward productivity objective.

The seventh step

Manage Productivity by Objectives (MPBO)

Use MPBO approaches to improve productivity of functions, majors, departments and organisations. Effective management of productivity and its improvement hold the key economic development of the country. An understanding of this concept of productivity the tools that can be applied to measure it, and the various approaches, which are available for its improvement and management is crucial.

Concluding remarks

Productivity as a means to accelerate the process of economic growth, material advancement and income, has not yet come to gain the recognition that it merits in cooperative circle. Leadership, no less than management, have generally over-looked the value of productivity and its enhancement. This has predictably hindered their growth as well as effectiveness.

The concept of productivity, in so far as it is applicable to cooperatives, has a different connotation, in that, it directly focusses on the services delivered to members, and gains made by them, and make these as the measuring yard stick for gauging the productivity of a cooperative.

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CHAPTER XV

Productivity Enhancement In and By Cooperatives

No matter what other methods, techniques, and systems are designed and introduced to hasten economic development, only application of specific productivity enhancement systems, can ensure a steady pace of economic development. The VII Five Year Plan document had thus rightly focussed on food production, employment generation and productivity enhancement as the major challenges before the country.

The productivity paradox

The productivity paradox can best be explained in the statement (very popular among executives), “Do the right things right, first time, just in time, all the time, at minimal cost”.

Productivity enhancement strategy

Productivity enhancement strategy is the pattern of decisions in the enterprise, that determine its objectives, principles, policies and plan of achieving long term productivity enhancement goals.

A good productivity enhancement strategy should at a minimum:

- develop a clear and easily communicated definition of the enhancement concept.
- explain why organisational improvement is important
- evaluate current operating status and reasons for current status.
- develop models of excellence.
- develop productivity enhancement policies and plans

Organisations with clear productivity concepts should identify clear goals and objectives.

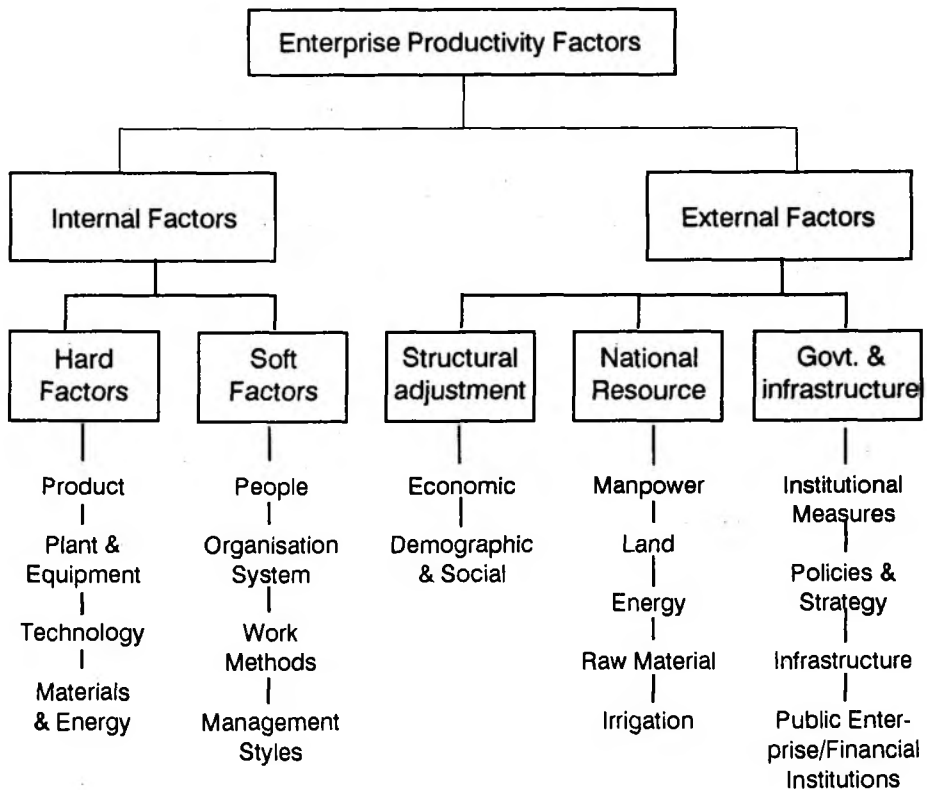
Factors Determining Productivity

Productivity improvement is not just doing things better. More importantly it is doing right things better. The factors, which effect productivity include those that are:

- Job related
- Resource related
- Environment related

The productivity factors could be those which are external to the organisation, and those which are internal to the organisation (See Exhibit I)

Exhibit I : An Integrated Model of Enterprise Productivity Factors



Internal factors of enterprise productivity

Hard factors

Hard factors include products; plant and equipment. They play a central role in productivity enhancement programme through better maintenance, plant operations in optimum process conditions, higher capacity utilisation and reduced idle time, technology, (technology innovation constitutes an important source of higher productivity) and materials and energy, (even small efforts to reduce material and energy consumption can bring remarkable results).

Soft factors

People

As the principal resource and the central factor in productivity enhancement drive, the people in an organisation have a role to play as workers, engineers, managers, entrepreneurs and trade union members. Each role has two aspects.

- Application
- Effectiveness

Application is the degree to which people apply themselves to their work. People differ not only in their ability but also in the will to work. Effectiveness is the extent to which application of human effort brings the desired results in output and quality. The application depends on :

- A set of values
- Motivation
- Standard of performance

Effectiveness is linked to:

- Methods
- Personal skills
- Knowledge
- Aptitude, and
- Attitude of the people.

Among the other soft factors are, organisation and systems, work methods and management styles.

External factors of enterprise productivity

Among the important external factors which imping on the productivity of an enterprise are : structural adjustments (economic changes like employment shifts from agriculture to manufacturing and from manufacturing to services, variations in the composition of capital, impact of R & D and technology, and economy of scales), demographic and social changes (women entry into work force, shifts in migration, standard of education, proficiency levels and cultural values), natural resources (manpower, land, availability of energy and raw material), and role of government and development of infrastructures (impact of government agencies, government regulations, transport and communication facilities, availability of power, fiscal measures and incentives). The role of public enterprise and other support agencies also has an important bearing on the productivity of an organisation like a cooperative.

People - a vital factor

Productivity enhancement is essentially a process of change. To improve productivity, it is therefore necessary to manage change, this means motivation, inducing and generating change. It is important to plan and coordinate the skill and spread of change in all major organisational elements including people and manpower structure, attitude and values, skill and education, technology and equipment, products and marketing.

These changes should strive to develop positive attitude and organisation culture which is favourable to productivity enhancement as well as technological changes.

In a productivity enhancement process, there is a significant need to gain full human commitment to the change. That is why managers of good productivity programmes use two main inter-related and mutually supporting groups of activities: motivational and technical.

Co-operatives and productivity

In the context of a cooperative, the concept of productivity and its application need to be discussed at the level of the cooperative itself, but more importantly at the level of its farmer-members.

Productivity enhancement - at the co-operative level

Productivity of an organisation is determined as stated earlier, by a

combined and simultaneous effect of complex factors like choosing and applying relevant technology, efficient utilisation of plant and machinery, technological developments in different processes, appropriate design of organisation and work, efficiency and motivation of people and above all top management perceptions, competence and commitment. It is indeed difficult to isolate and quantify individually the effect of these factors on the productivity of an enterprise.

Productivity, has been studied by industrial engineers and behavioural scientists for a considerable period of time. Initially greater emphasis was placed on machinery because productivity was considered synonymous with machine outputs. The human element was considered as an appendage to the machine. Gradually, with the gaining of new insights into human behaviour, there was a shift in emphasis and it was recognised that the human element was as important a part in organisational effectiveness as the technical element, and that no output was possible without willing cooperation of this element.

Job satisfaction is an important element in productivity. Job satisfaction refers to favourableness of a person towards his job. It signifies the degree to which a person is adjusted in his job, and feels satisfied. Job satisfaction leads to job performance, which in turn leads to higher job satisfaction.

So, for effective performance, people must have the necessary abilities and proper motivation. Their personalities must suit the job requirements, assuming that certain innate abilities have been developed, through training. At the same time, they must be supported by appropriate technology, upto-date equipment, continuous flow of new material, adequate finance and similar other elements.

There are a number of other conditions like organisational structure, its size, culture and environment, which have an influence, on effective performance.

Factors as design and structure of an organisation along with task variables are known to be linked with productivity. The immediate environment of the organisation task differentiation, business policies, governmental policies, geographical characteristics and client characteristics can and do cast significant effects on organisational performance and therefore productivity. It is also known that the environmental factors like availability of strategic raw materials, availability of high technology and various types of inter-regional considerations influence productivity of an enterprise.

Exhibit II lists the productivity related functions in respect of each major functional area of a large organisation.

Exhibit II
Productivity Related Functions Across Functional Areas

Functional Area	Productivity Related Functions
Operations	<ul style="list-style-type: none"> - Cost and technical efficiency - Maintenance audit - Effective exploitation of resources - Quality control - Inventory control
Finance	<ul style="list-style-type: none"> - Internal audit - Cost control - Management accounting
Personnel	<ul style="list-style-type: none"> - Redesigning - Organising - Job enlargement - Job enrichment
Marketing	<ul style="list-style-type: none"> - Planning distribution strategies - Improving product/service quality
Materials Management	<ul style="list-style-type: none"> - Inventory control - Exploring new technologies in materials
Projects	<ul style="list-style-type: none"> - Updating technology for new and old plants
Management	<ul style="list-style-type: none"> - MIS
Services	<ul style="list-style-type: none"> - Effective customer response management
Projects	<ul style="list-style-type: none"> - Project monitoring through PERT/CPM O&M
Research and Development	<ul style="list-style-type: none"> - Process optimisation - Technological innovations
Productivity	<ul style="list-style-type: none"> - Industrial engineering - Plant availability monitoring - Capacity balancing - Productivity measurement & monitoring - Optimisation of sub-systems - Energy conservation

Among the major causes of low productivity, the human factor is an important one. Effective management of human resources, together with appropriate organization design, job enrichment, performance related appraisal system, training and development and opportunities for people to grow and advance can also help a great deal in increasing productivity at the level of the cooperative itself, as indeed at the level of its membership.

The following tips on productivity enhancement through human resource development have been found to be very helpful:

<i>Tip</i>	<i>Comment</i>
1. Task clarity	Are your employees clear about the tasks they are expected to perform?
2. Task commitment	Do they feel the ownership of the outcomes expected?
3. Task priority	Employees work hardest when critical tasks are communicated as priorities.
4. Role person match	Are the right people in the right roles with the right authority?
5. Tools & training	Do the employees have competence needed to perform effectively all the tasks assigned?
6. "Reward" expectations	Are the employees clear of what intrinsic and extrinsic rewards they might expect for superior performance?
7. Performance feed-back	Do the employees get feed-back on their performance that is useful to them in more accurately hitting the target?
8. Personal feed-back	Do employees know that performance is valued by their organization?
9. Work freedom	Do the employees have the latitude needed to perform effectively the required tasks? Is permission alligned with capacity?
10. Barrier destruction	Have major barriers to performance been eliminated, or, atleast reduced?

Other sources of productivity variances

Apart from people, there are other elements that adversely affect productivity. The most obvious element to analyse are the volume and composition of output, (capacity utilisation, and output mix), the variety and quality of product and the degree of vertical integration in processing, the availability of raw-material and components and other resources, the availability and use of energy, the volume and composition of labour input, the state of technology, the volume and composition of capital output, the impact of scale of production, the nature and location of markets, the impact of tariffs, taxation, ownership, standards and government regulations.

It may be pertinent to point out that replacing people with machine and chipping away at waste and inefficiency no longer go very far. Harvard University Professor Skinner says : "That such cost saving measures contribute no more than 20 per cent of a manufacturer competitive advantage. Twice as important are long term changes in the structure of the company, such as where it locates its plants and distribution centres, plus improved control over the flow of materials and better worker management. Another 40 percent comes from major injection of new technologies, both equipment and processing techniques".

Productivity enhancement - at the members level

The paramount aim of an agricultural cooperative is to help farmer-member to increase his income and thereby improve his socio-economic status. In this pursuit to increase his income, apart from providing necessary inputs, extension support and facilities for transportation, storage, processing and marketing, the cooperatives can effectively help the farmer-member in increasing his farm productivity. It is well-known that agricultural productivity varies widely between different regions in the country. The productivity targets for some selected crops, as indicated in the VII Five-Year Plan are given in Exhibit-III.

Exhibit - III
Increase in Agricultural Productivity during VII Plan

Crop	Unit of Measurement	Fifth Plan (1974-79) (Average)	Sixth Plan (1979-84) (Average)	84-85 (Target)	89-90
Food grains	Kgs.	937	1025	1151	1310
Oilseeds	Kgs.	580	602	691	887
Cotton/Bales	170 Kgs. each	153	157	160	190
Sugarcane	Tonnes	52	55	56.7	65.2
Jute & Mesta	Bales of 180 Kgs.	1140	1236	1226	1425

Here is thus an opportunity for cooperatives to mount concerted efforts to help farmer-members to improve their farm productivity.

Major constraint which limit agricultural productivity

According to a recently conducted study, the following major constraints were identified which restrict the increase in agricultural productivity.

- land ownership and distribution
- type of tenancy
- availability of modern inputs like fertiliser and assured irrigation
- availability of superior technology as embodied in high yielding variety seeds.

The study pointed out : Production decisions in agriculture are made by million of farmers. The factors influencing their behaviour are all of crucial importance. They will be guided by economic incentives of disincentives; will be constrained by institutional arrangements in regard to land, water or credit; will be handicapped or facilitated by supportive services available. On these behavioural aspects, save in one area, we have little to guide our analysis."

One aspect of the farmers' behaviour according to the study, on which there is greater understanding is their response to price signals. There is enough evidence to indicate that, other things remaining equal, farmers respond to price signals in a positive, and almost predictable way. About the influence of institutional and organizational framework on

farmers decision-making, V.S. Vyas had come out, based on a study during 1978, with the following conclusions:

- There exists an inverse relationship between land productivity and inequality in land ownership : which suggests that the programme of land redistribution in favour of small farmers would contribute to increasing per hectare yield. This is particularly the case for rice, jowar, seed and mustard, and aggregate agricultural output for which the indicated relationship between land productivity and inequality in land ownership is statistically significant.
- Crop-wise yield as well as aggregate yield is explained more by the variations in one or both of the two surrogate variables of technology, namely, fertilizers and irrigation, rather than by the inequality in land ownership.

While Vyas's view was that the reduction in inequality in land holdings is an important contributory factor, the more important is the availability of fertilizers and irrigation as an integral part of technology transfer package at the farm level.

From the above analysis it would be seen that the following steps should help increase productivity, particularly of small production units engaged in agriculture.

- Assured supply of inputs, particularly credit, fertilizer and water.
- Transfer of technology on the lab-to-land model. (This model is based on the principle seeing is believing. The effectiveness of this approach has been amply demonstrated by the Punjab Agriculture University. The technology is demonstrated to the farmers in the fields, and literature is made available in English and Punjabi. In each district, there are five or six agricultural specialists, who organise farmers' camps in both Kharif and Rabi seasons. The University holds two farmers melas in a year, mostly for distributing seed stamped by it.)

Productivity enhancement in oilseeds - NPC study findings

National Productivity Council (NPC) had conducted a study on productivity improvements in rapeseed/mustard and soyabean crops in the states of Madhya Pradesh, Uttar Pradesh and Rajasthan. Various constraints to productivity enhancement were identified as under :

1. Almost one third of the farmers in the three states were still using traditional varieties of seeds. Non-availability of high yielding varie-

ties of seeds in certain areas was found to be one of the bottlenecks in raising yields.

2. Very few farmers got their soil tested and therefore could not use appropriate type of fertilizers. In most cases, even the recommended dosages of Chemical fertilizers were not applied due to financial constraints and uncertainties of production.
3. Inadequate use of pesticide to control crop pests was reported by almost 90 per cent of the farmers. Lack of awareness as well as availability of insecticides/fungicides came in the way of wider adoption.
4. Delayed planting, particularly in case of soyabean, was found to be another reason for low productivity.
5. Lack of irrigation facilities and difficulties in providing water through canal systems at critical stages of plant growth cycle were the other bottlenecks in raising production of these oilseeds crops.
6. Only 20 percent of the respondent farmers had availed the credit for purchase of various farm inputs. The difficulties in getting credit due to improper coordination etc. led to low level of productivity thereby restricting the output at farms.
7. Lack of appropriate market support and marketing/processing facilities were other reasons for low yield and production of oilseeds in the three states.

The following steps were suggested by the NPC for productivity enhancement:

Motivating and educating the farmers, streamlining the seed production and distribution programme, implementation of pest control schedules, increase area under irrigated farming, improving availability of pesticides, community pest control programmes, education regarding frost prevention measures, production demonstrations, popularisation of low cost improved implements, more effective system of providing loans, preparation of district level action plans, developing of drought and pest resistant varieties and improvements in procurement system of oilseeds.

Role of co-operatives

It is in this backdrop that the role of co-operatives and the kind of planning and development effort it should aim at, is discussed and spelt out below:

Change in orientation

A traditional service type agricultural co-operative often plays a merchantile role: providing credit at reasonable interest, inputs at fair price, and marketing of output as a commission agent. But this is what an ethical trader also does. This kind of orientation is very unlikely to help the small farmer, whose real and immediate needs are a combination of proper technology, provision of inputs and assured marketing at a fair price. As an alternative to the above merchantile approach, an agricultural cooperative as has been argued earlier, must follow an integrated approach. It should aim at increasing the income of the small farmer by enhancing productivity and production and its assured marketing at a fair price. Transfer of technology assumes priority in this context, so does assured marketing. The output of the farmer, infact, becomes the primary focus of a co-operative's activities and operation, much like the milk cooperatives in Gujarat and sugar cooperatives in Maharashtra.

Multi-Purpose activities

The hitherto thrust of a village cooperative to provide credit must not shift to provide a package of services which a farmer, particularly the small one, needs. This should include besides credit, the supply of fertilizer and other inputs, distribution of consumer article, extension and farmer education and services like storage and marketing. A cooperative must turn itself into multi-purpose and multi-functional performing unit, with the object of increasing agricultural productivity, particularly of the small farmer. Water too is a critical input, but can cooperatives do something, in this area?

Peoples' participation and responsiveness of co-operatives

One major potential that a cooperative has been loath to exploit in order to improve its effectiveness, has been peoples' participation. In fact, a co-operative becomes really a cooperative society only when it encourages people's participation in its working and operations. Democratic control or holding of periodic elections do not really imply peoples participation. Rather, universalisation of membership, direct involvement of people at various stages of decision making, together with protection of small farmers and provision of services, and support to them, and designing and implementation, of poverty alleviation programmes should in fact be viewed as indicators of responsiveness of a cooperative to members' participation.

Co-op as a link between lab and land

The integrated orientation discussed above would become possible only if cooperatives were to redefine their place and reposition themselves in the strategic framework for agricultural development. Experience of sugar and milk cooperatives in the country, show that when cooperatives supplement state efforts, in extension, transfer of technology and supply of supportive services, their impact is enhanced manifold. It will be therefore, necessary to redefine the place and role of cooperatives to make them technology transfer centres and a link between labs and farms.

A. Framework for productivity enhancement

1. Top management commitment

The first and by far the most crucial factor that can really contribute towards productivity enhancement in an organization, is the total and visible commitment of the top management. Productivity can be enhanced only when organization-wise efforts are made to enhance it, and the enabling culture is nurtured. And this becomes possible only, when top management shows interest, takes the lead and demonstrates its long-term and abiding interest. It must set clear objectives, provide adequate resources and then review performance, but above all it must extend support to productivity enhancing changes.

2. Mobilising financial resources

Productivity enhancement efforts, particularly at the farm level, will almost certainly involve massive investment in people, technology and equipment. It will also involve expenses on maintenance of infrastructure and training of people. The needed financial resources must be mobilised by the co-operative for the purpose. The Co-operative Development and Financing Agencies can and do help co-operatives in this area and provide loan and subsidy that are tied to different efforts involved in a productivity enhancement programme. It needs to be recognised, however, that it is usually only after five to seven years, that productivity enhancement efforts become self-sustaining and self-financing; till then, financial resources have to be mobilised and invested.

3. Increased efficiency of co-operatives

Closely related to the success of any attempt on enhancing productiv-

ity at the level of members, is the question of operating efficiency of the co-operative itself. So long as the co-operative does not become efficient and succeed in improving its own productivity, particularly at the plant level, its objectives to enhance productivity at the farm level and to make this programme self-sustaining and self-financing are unlikely to be realised.

Productivity enhancement, as measured in terms of operating efficiency and reduced cost per unit of output at the plant level, and as measured in terms of output per unit of input at the members farm level, must go hand in hand. Only then will the co-operative actualise a symbiotic effect.

4. Establishing linkages with technology development centres

Productivity enhancement, particularly at the farm level, is closely linked to transfer of technology from the cloistered seclusion of R & D Centres to the farmers' fields. To succeed in this attempt, it is absolutely necessary that a co-operative establishes close working and mutually beneficial relations with R & D centres, provides them with opportunities for experimentation and feed-back from members, and then collaborate with them in setting up demonstration centres as a means for diffusion and acceptance of technology by the members. The establishment of close and mutually supporting linkages with recognised and advance research and development centres, is thus yet another important element in the frame-work that is necessary for the success of a productivity enhancement programme of a co-operative.

5. Designing organizational structure and staffing

The designing and staffing of organizational structure, appropriate to the demands of smooth technology transfer and rapid productivity enhancement is also very important. The organizational structure should be free from usual rigidities, formalism and centralisation. And it must be led and staffed by motivated skilled and empathic work-force. The success of productivity enhancement efforts in the ultimate analysis will hinge on the quality of people, who are responsible for extension, supervision and education of farmer-members.

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CHAPTER XVI

Productivity Enhancement by Oilseeds Growers' Federation The Case of Madhya Pradesh

Traditionally co-operatives in India, have been considered as substitutes for money-lenders' and commission agents; this, in turn, had influenced their orientation and scope of activities. This orientation and scope can broadly be styled as mercantile, in that, it emphasized the exchanges of services for a price. The developmental facet in member - co-operative relations, continued to be missing. Such an orientation, arguably, also made co-operatives somewhat input-oriented. The value added activities (which could help fetch better price and could only be taken up at the output side), by and large, were left to be dealt with by the state regulatory mechanism, and wider market forces.

Consequently, there have emerged, over a period of time, a host of agencies and institutions working out to provide somewhat un-coordinated, often fragmented services to the farmer, to help him increase his production, productivity and income. There are, thus primary service co-operatives to provide credit, fertilizer, seeds and insecticide; the Village Level Worker to provide extension support services, the primary agricultural marketing co-operatives, the Food Corporation of India, and the private merchants for marketing of produce, the State and Central Warehousing Corporations to provide storage facilities, and so on. These, in turn, are supported by an impressive super-structure.

This approach has not really clicked, as the experience of the last few years only too grimly indicates. Instead, it is now realised, if all the above types of services were to be integrated in a single institution, which may also then take to value-added advanced technology based processing activities, a real dent can be made, on the productivity of the farmer, as well as on his income.

Sugar co-operative in Maharashtra, and other parts of the country, milk co-operatives in Gujarat and elsewhere, bear simple testimony to this sound approach to agricultural development.

And, it is this approach, that the National Dairy Development Board, (NDDDB), aimed at to put into practice, when it presented a project on oilseeds development to Government of India, in 1977.

Oilseeds Growers' Co-operative Project

Government of India accepted the proposal on restructuring edible oil and oilseeds production and marketing, submitted by the NDDDB; and a Project, now known as Oilseeds Growers Co-operative Project (OGCP), was launched in 1979.

Then Madhya Pradesh State Co-operative Oilseed Growers' Federation Limited, popularly known as OILFED, was organised in October, 1979, as a part of the above project, with the broad goal of undertaking integrated development of oilseeds and edible oil production, in Madhya Pradesh.

The OILFED was setup, at the instance of the Government of India, Government of Madhya Pradesh and National Dairy Development Board, essentially as an implementing agency for the national programme on "restructuring edible oil and oilseeds production and marketing." The programme was designed and implemented to integrate production, procurement, processing and marketing of oilseeds and oil, on co-operative basis.

The objectives of the OILFED were:

- To encourage and educate the members on adopting improved methods of soyabean cultivation by extending technical know-how at regular intervals and provide necessary inputs;
- to ensure procurement of produce by co-operatives, thereby securing premium price for the growers.
- to arrange effective marketing of the products and by-products after processing.
- to impart training to the farmers, and undertake research and its dissemination among the farmer-members.
- to arrange dissemination of information and technical know-how through media of communication.

Since its inception, in each of the above areas OILFED made good progress. With a modest beginning in a limited area of three districts, with 2100 farmer members, OILFED had, in 1987, 1,11,651 members, affiliated

to 1041 primary oilseed growers' co-operatives spread over 18 districts of Madhya Pradesh.

OILFED was at the apex of a three-tier co-operative structure, with the multi-purpose village level co-operative society, at the base, and the Unions comprising a group of primary co-operatives in the middle.

OILFED marketed oil and other products directly through the established channels and had established itself as the chief major operator in the market. It had also entered the export markets in a big way.

Vertical structure and role of each tier

The initial NDDDB plan for the Oilseed Project was to have only two tier structure :- primary co-operatives at the base and OILFED at the apex. But, later a departure had been made and; a Regional Union had been organised, on the model of Anand Pattern of Milk Co-operatives. The functions of different organisations, at each tier, were somewhat as under:

Functions of the OILFED

- processing,
- marketing and exports,
- research and development

Functions of the Regional Union

- productivity enhancement,
- procurement,
- processing,
- retail marketing,

Functions of the primary oilseed growers co-operatives,

- procure oilseeds offered by the members,
- prompt payment for oilseeds, on the basis of quality, and price declared by the Federation,
- provide technical inputs to the member-growers,
- organise demonstration plots for seed multiplication and demonstrate the benefits of improved agricultural practices to member-growers,
- provide extension services,

- sell donated and indigenously produced edible oils,
- produce seeds,

The area of operation of a primary co-operatives extended to 7 or 8 villages, or even more, but in no case, the soyabean cultivated area, was to be less than 500 hectares.

OILFED's main activities were in four core functional areas namely:

- Procurement
- Processing
- Marketing and
- Productivity Enhancement and Extension.

Procurement, processing and marketing

Through its policy of market intervention, OILFED had been instrumental in ensuring higher prices to farmers even at the village level. OILFED's main thrust had been in the development of soyabean. It achieved considerable success and the area under soyabean in Madhya Pradesh rapidly expanded.

OILFED had established 2 solvent extraction plants for soyabean seeds, each with a daily crushing capacity of 200 tones, at a total investment of Rs. 18.72 crores. These plants were commissioned in mid 80's, and had operated at about 85% capacity utilization.

Under an European-Economic Community-aided Project, one 100-TPD (tones per day) Vanaspati Plant had also been installed by the OILFED. This plant was installed at an investment of Rs.13 crores in 1986.

Productivity enhancement

Raising farmers' income, through increased production and productivity, and then ensuring consistently high price, were considered as the basic objectives of the OILFED. With a view to achieving these objectives, the cultivators were encouraged to adopt improved production packages, including improved varieties of seeds, better inputs, scientific cultivation practices, and protective measures against diseases. The ultimate aim was to increase yields and decrease vulnerability to vagaries of nature.

In order to underpin the above activities, the OILFED arranged the supply of improved seed, fertilizers, insecticides and pesticides through the

primaries, and advised farmers on cropping pattern and cultivation practices, through a network of extension staff.

Productivity Enhancement Programme

Objectives

The Productivity Enhancement Programme was designed to help increase the production of soyabean in project area by 30%, in order to ensure steady flow of raw material from grower-members.

The specific objectives of the Programme were:

- to encourage and educate the members to adopt improved methods of soyabean cultivation, by extending technical know how at regular intervals;
- to arrange improved seeds, rhizobium culture, fungicides, fertilizers and other technical inputs;
- to organise demonstration plots on grower members fields;
- to arrange dissemination of information and technical know-how through media of communication;
- to establish Area Agronomic Centre for conducting localised adaptive research;
- to establish District Farms for improved seed multiplication; and
- to help medium and small cultivators to adopt improved production techniques, which would help decrease vulnerability of soyabean crop to climate variations, and raise yield.

The Productivity Enhancement Programme was operationalised through the following sub-programmes :

- Co-operative Development Programme;
- Technical Input Distribution Programme;
- Seed Village Programme;
- Demonstration/Farms Programme.

Co-operative Development Programme

A group of six to eight villages with an area of about 500-700 ha. was clustered together to form a primary co-operative. These primary co-operatives were independent units, managed by elected committees, consisting of farmer members. These were assisted in day-to-day working, by a

full-time salaried Secretary. In the beginning of 1988, there were 1041 primary co-operatives spread over 18 districts. All co-operatives were members of OILFED. These co-operatives were organised by the extension staff of the OILFED, after carefully examining the viability potential of each.

A summary of the progress made in organising societies and enrolling new members is given in Table I.

Table 1: Progress of Primary Oilseed Grower Co-operatives

	80-81	81-82	82-83	83-84	84-85	85-86	86-87	87-88
No. of Districts Covered	3	5	6	10	15	15	15	18
No. of coops.	28	141	241	480	556	594	724	1041
No. of villages covered	269	1364	2691	4681	3327	5694	7022	7900
No. of members	2100	12416	21967	53960	68974	76615	88049	111651

All production enhancement and extension activities of OILFED were being conducted through these societies over an area of 4,00,000 hectares. Under the guidance of a District Officers of OILFED, the societies provided inputs to their farmer-members and arranged for the procurement of the produce (soyabean seed). OILFED arranged for storage and transportation of the produce to its processing plants.

Technical Input Distribution Programme

Under the Production Enhancement programmes, inputs like seed, fertilizer, pesticide, plant protection equipment, etc. were distributed among grower members, through the primary co-operatives.

Table 2 gives the progress in this respect.

Table 2: Distribution of Technical Input and Production Enhancement Years of Operation

S. No. Activity	1981	1982	1983	1984	1985	1986	1987
1. Distribution of improved seed (MT)	224.15	711.62	4021.03	3926.68	1900.00	1080.26	1900.89
2. Seed Treatment Chemicals (pkts)	5053	15900	31765	36633	21976 80000*	23367	41576
3. Culture (pkt)	4587	13900	15000	45000	24822 80000*	29528	45656
4. Fertilizer (MT)	--	--	388.60	741.45	844.00	1167.85	1934.25
5. Equipment	140	139	160	439	394	373	146
6. Pesticide-Liquid(Lit)	16	169.35	1729	4340	5254	NA	NA
Dust (MT)	3	28.63	65.07	240.50	--	--	--
7. Soil Sample	254	688	269	1700	1295	--	--
8. Demonstration (No.)	284	300	624	704	775	3023	5730
9. Seed Villages Scheme	--	20	29	54	221	943	677
10. No. of OSGS	--	60	282	395	415	670	842

* Indicates supply made through minikits.

Seed Village Programme

The basic objective of this programme was to produce good quality of soya bean seed at farmers' fields. Suitable villages were selected, where high yielding varieties were multiplied to obtain high quality seeds for further multiplication.

In order to ensure that the objective of 30% increase in yield was achieved, it was necessary that OILFED made available to the growers genetically improved seeds in adequate quantities. Earlier experience of OILFED had indicated that improved seeds reached only a very small number of farmers; mainly due to the shortage of good quality seeds. Consequently there was considerable demand for good variety seeds even at higher prices, but most farmers were unable to procure them. The OILFED, therefore, laid major emphasis on seed production programme.

Demonstration-Farms Programme

The best methods to motivate the farmers to adopt new technology for higher production was by demonstrating the effect of improved technology.

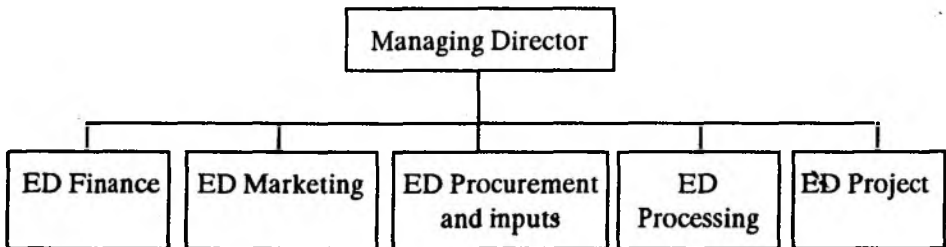
This demonstration centred around a complete package of cultivation practices of soyabean, based on improved technology. In order to make farmer-members more familiar, and ready to adopt a complete package of practices of soyabean cultivation, on the basis of new technology, including improved varieties, fertilizer etc., setting up of these demonstration plots was considered critical.

It was therefore envisaged to develop 2 demonstration plots of soyabean crop of half a hectare each around every primary co-operatives. A subsidy of Rs.500 to each demonstration grower was given, in the form of seeds, fertilizer, pesticide, culture thiram etc. These demonstration plots served as practical farms, showing the advantages of improved methods of cultivation to ordinary growers. In addition, these plots also served as a seed multiplication unit. These demonstration plots were closely supervised by the mobile teams of the OILFED.

Organisational set-up

The organisational set-up of OILFED was functional and was structured around productivity enhancement and extension, procurement, processing, finance, projects and marketing (Exhibit I)

Exhibit I : Organisational Setup of OILFED



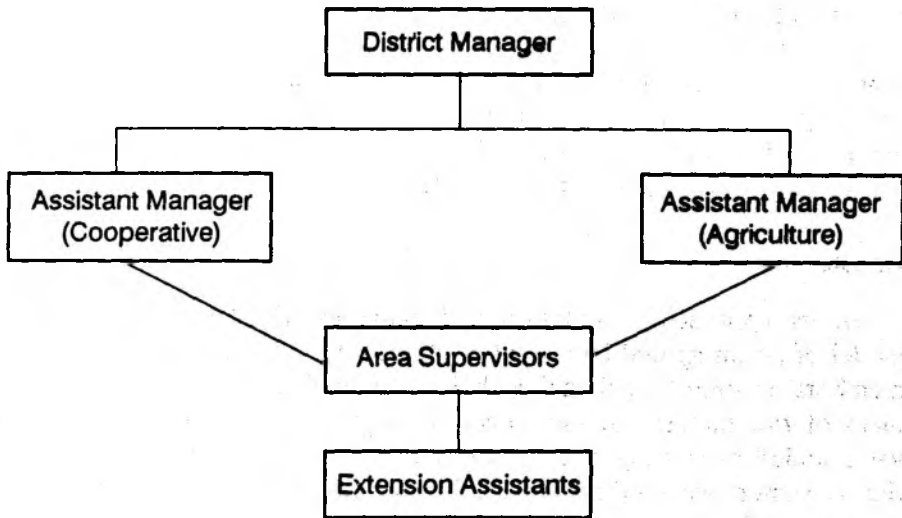
(ED means Executive Director)

Executive Director (Procurement and Inputs)

The Executive Director (Procurement and Inputs) was assisted by the Senior Managers each for Procurement, Institutional Development, and Personnel and Administration. He was also responsible for the field level extension activities which were carried by the District Officers (Extension).

Exhibit II gives organisational structure of OILFED District Office (Extension).

Exhibit II
Organisational Structure of OILFED District Office (Extension)



Thanks to the efforts of the OILFED and successful attempts in transferring technology, the productivity of members of cooperatives had risen relatively at a higher rate than the average increase for the entire population.

Financing Producing Enhancement Programme

The financial assistance provided by OILFED for cooperative development, procurement and extension was, as under :

1. Assistance to primary cooperatives

- a) Managerial subsidy of Rs. 3000 per co-operative for first two years for meeting in operational deficit.
- b) Equipment subsidy of Rs. 6,250 per co-operative
- c) Advance of Rs. 50,000 to old co-operative and Rs. 30,000 to new co-operative.

- d) Rs. 2,500 per co-operative per year for extension activities, including field induction training, demonstration growers' training, farmers' visits to demonstration plot etc.

2. Assistance for extension staff

Each District was expected to have one district manager, one accountant, an assistant manager (cooperatives), an assistant manager (agriculture), a few area supervisors and 12 to 16 extension assistants (one extension assistant for 4 cooperatives and one area Supervisor for 2 extension assistants). The total annual expenditure only on the staff for a district, came to Rs. 10 lakhs. In the initial stages, OILFED, had been provided financial assistance by NDDB, to cover these costs.

Conclusions

In its approach, orientation and activities, OILFED presented a model of an integrated co-operative structure. It focussed on increasing members' income by enhancing their productivity, guaranteed procurement of raw material at fair price, employed advanced technology for value added processing of raw-material, marketed directly its output to the consumer, accepted the imperative of human resource development, and above all, had shaped an integrated vertical structure to promote and protect the interest of the farmers.

Productivity enhancement efforts succeeded because, there efforts were integral to a larger attempt, at developing an Integrated co-operative structure.

CHAPTER XVII

Technology Transfer The Prespective and Issues

Undoubtedly, technology - and its development and assessment, its transfer and diffusion, its upgradation and blending - is and will remain the key factor in the progress, pattern and pace of social and economic development. It is as much crucial to increasing productivity, as for reducing costs, as much needed for development of agricultural as of industry; as much critical to a progressive society as to a stagnant one.

A simple definition of technology can be : It is a human knowledge applied to production or consumption; it is knowledge used. Technology is a resource endowment of an organisation/society, which may be handed over from one entity to another. It is not synonymous with transmission of information; for technology is a production input. ¹

UNIDO gives the following definition of technology : ²

Technology or know-how denotes the sum of knowledge, experience and skills necessary for manufacturing of a product or products for establishing an enterprise for the purpose.

Technology may thus, broadly be seen as systems, methods and procedures with supportive physical equipments, as may be employed in the input - conversion - output process in an organisation. It includes all the means which help improve efficient conversion of resources into products and service. It may also manifest itself in the use of inputs and knowledge, thereby leading to an upward shift in the production function.

Technology must be viewed in the broadest sense, covering the agricultural and the services sectors, along with the obvious manufacturing sector. The latter stretches over a wide spectrum ranging from village,

small-scale and cottage industries (often based on traditional skills) to medium, heavy and sophisticated industries.

Technology Transfer (T.T) on the other hand may broadly be defined as a process of developing or acquiring, and then disseminating, diffusing, blending or upgrading technology from one source to another, after suitable assessment, refinement and adaptation, with the objective of improving efficiency, effectiveness and productivity of the latter.

The importance of technology and its transfer were highlighted in the objectives of Technology Policy Statement of the Government of India.

“The basic objectives of the Technology policy will be the development of indigenous technology and efficient absorption and adaptation of imported technology appropriate to national priorities and resources. Its aims inter-alia are to:

- a) attain technological competence and self-reliance, to reduce vulnerability, particularly in strategic and critical areas, making the maximum use of indigenous resources;
- b) provide the maximum gainful and satisfying employment to all strata of society, with emphasis on the employment of women and weaker sections of society;
- c) use traditional skills and capabilities, making them commercially competitive;
- d) ensure the correct mix between mass production technologies and production by the masses;
- e) ensure maximum development with minimum capital outlay;
- f) identify obsolescence of technology in use and arrange for modernization of both equipment and technology;
- g) improve production speedily through greater efficiency and fuller utilization of existing capabilities, and enhance the quality and reliability of performance and output;
- h) recycle waste material and make full utilization of by-products.

The importance of technology can best be appreciated from the fact, that 90 per cent of the existing human knowledge was developed during the last 30 years. And it is the technology, based on this knowledge, which is the driving force behind all major developments in the society. At the same time, the life cycles of products, processes and knowledge and skills are astonishingly becoming short. If societies do not change, innovate and apply improved technology, they face the risk of stagnation and decline. Was it therefore surprising that national leaders, in developing countries

“voiced their concern for rapid technology and advancement of their countries, as one of the cornerstones of both the fight for freedom and of nation building task thereafter”.

Why should one concern oneself with technology transfer? It is a legitimate question, more so, when it is known that technology has, in the past displaced labour, threatened environment and quality of life, and resulted in marginalization of the poor. However, it should also be appreciated that without application of technology, the gigantic task before a society, like poverty alleviation, improved standards of living, more materials goods, and lower prices cannot be accomplished. More particularly, the vast gap that exists between yields of crops obtained in one country, and those obtained elsewhere; higher cost of production of certain goods here and elsewhere: between drudgery that some of our people have to face everyday and the ease with which people elsewhere work, cannot be bridged, except through carefully assessed technology transfer processes. **“Industrial development is a process of acquiring technological capability in the course of continuing technological change”.**⁴

A word on appropriate technology

The word appropriate technology (AT) has been extensively used in literature and the development process. For many people in the West, it seems to imply, covertly, if not overtly, lower grade, obsolete technology with which people in the developing countries should be happily satisfied. This is an abnoxious view, and must be dismissed with the contempt that it deserves. The concept of intermediate technology also belongs to the same genre.

But, at the same time, it needs to be recognised that technology that is selected and applied must be such that it makes optimum use of and is relevant to, the available resource endowment of the region, skill levels of the people, social conditions and similar other factors. The word appropriate must refer to the “fit” between what an area or people really need, and what the technology can help accomplish, by making optimum use of available resources, and with the least threat to the environment, quality of life and other long-term interests.

Development of technology

The first step in the difficult process of transfer of technology is that of development of technology, and/or its acquisition. There are at least three major approaches to development of technology : In-house

Research and Development (R&D) effort; importing and then blending it with indigeneous technology, and acquisition of technology from indigenenous R&D centres.

In-House R&D effort

By far the most desirable, but also expensive and risky way to develop and acquire technology is to set-up an in-house R&D centre with specific objectives and boundry conditions; allocation of resources and a supportive broad policy framework. But this is also an uncertain step. Co-operatives, barring Indian Farmer Fertilizer Cooperative (IFFCO), Krishak Bharati Fertilizer Cooperative (KRIBHCO) & National Heavy Engineering Cooperative (NHEC), might find setting up an in-house R&D facility at this stage of their development r  ther difficult. But such an effort can certainly be collectively made, as the sugar co-operatives in maharashtra, have done, by setting up the Va  santdada Sugar Institute (VSI). VSI is engaged in developing/refining appropriate technologies which can then be used at the processing plant of sugar co-operatives as well as, in the fields of their farmer members. VSI takes steps for effective dissemination and transfer of appropriate technology to the target populations, and follow-up the transfer process to ensure optimum results.

NDDDB has been playing a similar role for the milk co-operatives.

Importing and blending technology

Import of technology, though very fashionable these days and might also look very attractive for application, particularly when it can be blended with indigenous technology, is yet another but also more difficult and expensive way of acquiring appropriate technology.

The institutions that develop technologies abroad usually ask for a very high price for the state-of-the art-technology. This price is so high that few in developing countries can really afford it. Thus, the technology that is generally offered by foreign sources is known to be obsolete, second-hand and often in-appropriate. Recently, however a sugar co-operative in Maharashtra, in collaboration with a foreign agency, had introduced a computer-based instrument process control technology. It is still, in its trial period. The results, so far, are reported to be good. Thus, this could be another way of aquiring technology.

Linkages with indigeneous R&D facilities

This approach to development and acquisition of technology should be most common and also the most economic. But it has not yet proved so in a majority of cases - be it the introduction of a new variety of seeds, or a new process, say, for harvesting of sugarcane in the field. Three types of problems have been identified in this context : (i) failure of technology to show results similar to the one achieved in laboratory conditions; (ii) lack of awareness of available technology among the potential users, and (iii) failure among R&D personnel to appreciate the social and economic situations in which people live, while developing and evolving technologies.

So, while claims are often made by indigenous R&D personnel of evolving and perfecting new technologies that can help reap spectacular results in the farm and the factory, in actual practice, these have often failed to materialise. In some cases, though persistence has paid, particularly when arrangements for feedback were made and it was acted upon.

A case for technology bank ⁶

As explained above technology has emerged as a principal catalyst for rapid growth and development. If indeed this is the case, it becomes necessary that responses are formulated to create and sustain, "technology multipliers" in the society. But even after R&D facilities are created to initiate suitable steps to generate such "technology multipliers" the essential step to reach them to the users, who may be million in numbers, and each of whom may have his own strengths and weaknesses, would still pose formidable challenge.

Given the vast spread of co-operatives, their varied levels and needs of technology, remoteness of their locations and operations and nature and quality of their leadership, it would be certainly helpful, if arrangements could be made to set-up "technology banks" to enable co-operatives to pick, adapt and apply appropriate technologies in their operations.

The Council for Advancement of People's Action and Rural Technology (CAPART) does meet such a need of co-operatives in the non-agricultural area. The Indian Council for Agricultural Research (ICAR) and its laboratories meet similar needs in agricultural areas. But these facilities are available at national/regional levels; what is relly needed is access to technology at local levels.

It may be pertinent to recall here, that hitherto, the state co-operative departments have been meeting some of the simple technology needs of co-operatives by way of providing information, guidance and decision support. This is not now possible, because of rapid advancement in technology, and increasing burden of administration on the staff of co-operative departments.

Technology and society

The general term technology transfer includes management of soft technology (sometime termed as social technology) as well as physical technologies. And when a technology is chosen for adoption and application, its assessment in all its dimensions before this crucial decision, becomes absolutely inevitable.

The management of technology, in the broad social interest, is a very complicated process which must take into account social as well as economic costs and benefits, and also foresee the long term effect of its application, over the broad spectrum of human activity. For its optimum use, goals (national or societal as appropriate) must clearly be formulated than at present. Unless this has been done the selection and application of technology does not yield the desired results.

The process of determining the relevance and utility of technology in its technical/societal context is particularly crucial.

Technology assessment (TA)

TA has been defined as “a systematic identification, analysis and evaluation of the potential secondary consequences (whether beneficial or detrimental) of technology in terms of its impact on social, cultural, political, economic, and environmental system and process. TA is intended to provide a neutral factual input into decision making process”.⁷

Another definition of TA has been given as under:

“The objective of a TA strategy is to enable policy and decision makers to determine how to intervene more effectively in the development of a prospective technology. TA assumes that the future is not pre-ordained and that it could be shaped in accordance with conscious social choice. TA states what the proposed technology is intended to achieve whether the achievement is socially desirable, what stake-holders might

benefit or lose from the achievement, what short-term impact and long-term consequences are likely, and what policy options are available to avert negative side effects and to prepare more effectively for some of the inherent social changes".⁸

Definitions like the above arise from two basic assumptions:

- that the implementation of a new technology, or the expansion of an old one is (or should be) a conscious social choice; and
- that it is not generally technology, in and by itself that is inherently harmful, but rather its management; and the management should be conducted for the long-term interests of the society.

Another dimension of a technology assessment can best be appreciated from the following case of Central Leather Research Institute (CLRI):⁹

A tannery unit chose CLRI-developed improved technology, to process raw material for manufacturing foot-wear acceptable to the fashion conscious segment of society which had the purchasing power, - required an investment of Rs. 140,000 (at 1979 prices). Such a unit employed not more than 15 people. It indicated the degree of capital intensity that the industry, even at the small scale level had acquired. A large number of population who traditionally depended on the industry for livelihood had to quit it once new technology was introduced. Census reports revealed that the number of people working in the rural sector of the tanning industry fell from 0.6 million in 1961 to 0.3 million in 1971. And, a large proportion of those who chose to remain with the industry became daily-wage labourers for the new resourceful entrepreneurs who built their business on the modalities of improved technology. Often, these new employers hailed not necessarily from the same ethnicity as of these labourers; they had their origin far away from the workers' milieu. The rest of them who preferred to operate on self-employment basis, and employed conventional technology were pushed aside by the market forces. Their major drawback had been that the leather they produced suffered from a host of defects (such as water strains, grain damage, knife scratches, oil strains, uneven surfaces, mould growth resulting in tan strains, and bad smell) which disqualified it as raw material for products that had gained demand from the class of consumers having purchasing power.

Further, it was observed that the market in which the village farmers sold their leather was highly exploitative. They enjoyed little or no bargaining power against the powerful middlemen and received limited benefit from the value they added to the product. Such a system

suppressed their entrepreneurial initiative toward adopting the new technology. Thus, rural tanning was seen to be dying a slow death, while the large scale sector had registered a remarkable growth. The CLRI thus unwillingly contributed to the widening chasm and pauperisation of the rural resource starved artisans.

Objective of TA

TA is intended primarily to provide assistance in making policy decision. Thus, it is expected to provide specific stake-holder groups with comparisons of the broad range of advantages and disadvantages of at least more likely alternatives presently available. ¹⁰

TA is a inherently a multi-disciplinary effort that requires the actual participation of social as well as physical scientists. It must include projection into future and must deliberately deal with the uncertainty inherent in such projections.

Paradoxically, it has been claimed that, “a large part of the research done so far in India had been in isolation of the people who actually used the technology and thus the results were not of much help in formulating action programmes”. It has thus been suggested that there should be greater decentralization in technology development, and the means, at present, available for dissemination. Appropriate types of organisation which are closer to people, my therefore be preferred for developing and dissiminating technology.

It will be pertinent, at this stage, to recall the following five rules propogated by Prof. Goldschidt. ¹¹

1. The introduction of technological innovations must be in terms of the needs of the people that can be shown to exist, and should not be introduced simply because they appear necessary to those in charge of the development programme.

If the people fail to see the need for an innovation, effort to induce them to absorb it voluntarily may produce no effect.

2. New techniques should be fitted, as far as possible, into the organisational principles of the traditional society among people whose life is oriented in terms of family solidarity. New methods of production should be introduced in a manner that supports rather than destroys familism.

Some effort at cultural re-interpretation is often necessary to enable the people to use the innovation in ways both familiar and acceptable.

3. Optimum use should be made of traditional values. Many innovations are actually supported by them. Better nutrition, better health and better education are some of the things that the people in developing countries are keen to acquire quickly.

Programmes of technical aid directed at effecting such improvements will normally not encounter resistance. In novation not in accord with local values are bound to be opposed. The outright destructions of traditional goals for action is likely, and many even lead to social disruption.

4. Securing the co-operation of village leaders in having the innovation accepted by the people is obviously very necessary. Neglect of such persons with local prestige has been the cause of failure of many technological projects.
5. The consequences likely to follow from the introduction of any technological improvement must be endeavoured to be foreseen so that appropriate action to prevent possible harmful effects may be taken in good time.

Technology transfer

There are two principal actors in the process of technology transfer-giver or the developer, and the recipient, or the beneficiary. The personality, the motivation, the perception, the sensitivity of actors, but, above all, the surrounding environment, make all the difference to the effective transfer of technology.

Diffusion of technology can take many different courses. While sometimes commercial channels do the job, in many other cases, governments and extension agencies have to be involved. Diffusion can be extremely fast as in the case of green revolution, or it can be frustratingly slow as is the case with improved woodstoves. Here, however we are really concerned with those technologies that do not spread easily and which require an extensive support system like co-operatives.

Technology transfer and technological change

Technological change (TC) can be defined as modification in the technical and organisational information required to manufacture products. Technological change is thus related to innovation, or incremental changes in the "existing" state-of-the-art. Conceptually, TC can be classified in the following forms:

- search for new products and processes,
- adaptation of products and processes to local conditions,
- improvement of product and processes,
- development of product and processes,
- development of new products and processes, and
- basic research.

Technology transfer can be considered as a part of a systematic attempt to achieve T.C. in an economy or a society.

Generally, technology transfer takes place through one or more of the following routes :

- technical collaboration
- training and education in universities/institutions
- making available literature on the subject
- sponsored specialised training programmes abroad.

In a technology transfer process, there are certain inherent limitations both in the international context as well as in the national context.

Technology absorption

Technology absorption by the recipient/beneficiary needs to be seen as a continuous process.

At the institutional level where technology transfer is taking place as a part of an agreement, technology absorption can be optimum if the recipient were to plan absorption of technology during the life span of the technology transfer agreement.

Technology absorption has a learning curve and unless there is a structure and time frame available to absorb it, the results may be either incomplete, or the absorption may be low. This is so, as some crucial steps in absorbing processes used for manufacturing, marketing, development, quality etc. are either over-looked or completely missed. In addition, technology absorption also suffers from lack of adequate information, absence of demonstrated ability that shows increased benefits, or absence of external support systems which are necessary to create enabling conditions.

Capacity to absorb technology

Anyone who desires to progress via the route of technology devel-

opment must, first of all shed the “NIH/NTH” (Not Invented Here) or (Not Thought of Here) syndrome, and accept that there are better ways of doing things.

The following features however are crucial for creating conditions for absorbing technology by, and in, cooperatives :

- High capital accumulation;
- Innovative personnel management practices;
- Quality of the work-force;
- Committed leadership.

The willingness to accept the responsibilities which go with the introduction of new technology and share its benefits are the key issues, that determine the rate of its assimilation. So is the capital available for the purpose, and ability to absorb the risk, if any, by the cooperative itself. Equally vital is the quality of people - the extension agent, the worker, the supervisor who are the vehicles in this process of transfer. The level of their motivation and skills, commitment, morale and job satisfaction, are all critical factors in smooth transfer and absorption of technology.

It has been argued that TT (Technology Transfer) should be viewed as a part of a package and needs to be supported in a sustained way, for quite some time. Apart from technology, other elements in the package include support in the area of purchase of inputs/raw materials, marketing, availability of credit etc. Training and motivation of people involved in TT process, and their right perception are also important.

Technology and employment ¹²

Technology Policy Statement of the Government of India pointedly referred to the role of technology in employment generation.

“Human resources constitute our richest endowment. Conditions will be created for the fullest expression and utilization of scientific talent. Measures will be taken for the identification and diffusion of technologies that can progressively reduce the incidence of poverty and unemployment, and of regional inequalities. The application of science and technology for the improvement of standards of living of those engaged in traditional activities will be promoted, particularly household technologies. Technologies relevant to the cottage, village and small industries sector will be upgraded. In the decentralized sector labour must be diversified and all steps taken to reduce drudgery. In all sectors, the

potential impact on employment will be an important criterion in the choice of technology.”¹³

Some specific aspects for cooperatives

There are at least two other vital aspects which must be kept in view, while discussing the technology transfer in relation to agricultural cooperatives. The technology should be easily accessible to small producers; and it should utilize locally available resources, especially labour. The “accessibility” criterion can be satisfied if the new inputs (and the production methods they imply) are (a) divisible, and therefore, can be obtained in a small-scale form, (b) have a low capital component, and therefore imply low fixed, relative to variable, costs; and (c) do not represent radical departures from traditional inputs, or practices; or, at least are simple and easily accepted so as not to place high demands on human skills and understanding. The “local dependency” criterion has both negative and positive aspects in the sense of not making demands on inputs that are locally unavailable (such as capital or high labour and managerial skills) while actively requiring the use of those particular resources that do happen to be in abundance for local supply. This has come to mean that relevant technology is necessarily labour intensive, and that it makes minimal “new” resource demands, unless these can be satisfied from local endowments or through local manufacture. Taken together, those conditions are akin to the four criteria for intermediate technology as enunciated by Schumacher, viz., small-scale, simple, low capital-intensity and non-violent.

TT – Some macro dimensions

It is well known that Indian scene is characterized by co-existence of many technologies ranging from the primitive to the modern. Different technology networks producing similar end products co-exist, and not only survive but also develop. Indicative of this phenomenon are paddy and oil-seeds processing, textile and shoe making.¹⁴

This situation can partly be explained by the segmentation of the market, each technology network to some extent serves its own market. Another explanation is irregular supply of resources like power, for example.

It has been argued that technology, particularly Western technology has been both beneficial and detrimental to development specially rural development. It has increased agricultural production via fertilizers,

pesticides, tractors and large-scale irrigation projects. It has improved the infrastructure and the health situation. But there are many drawbacks. The major shortcoming of Western technology is that it has not been able to alleviate poverty, while some others argue that because of the introduction of Western technology poverty has increased. It has certainly contributed to the polarisation of rural societies and is partly responsible for the increasing social tensions in rural areas.

As indicated earlier, this discussion is basically focussed on non-commercial technologies, whose adoption the government is keen to promote. The common feature of these technology transfer programmes, is that the needs and preferences of people at local level are seldom considered while even more often, no comparisons are made between different technology options available. Such improper need - and technology assessment, results in programmes that do not automatically receive support of potential beneficiaries. As a result, the technology is adopted only slowly, if at all, particularly if it involves personal investment by individual users.

Different views on the usefulness of the product is a second problem. In development theory, a distinction is often made between the national interest and the interest of individual at local level. Governments that aim at conservation of forests and therefore, concentrate on dissemination of bio-gas plants must present the project in another way that appeals more to the villagers, who individually have no interest in conservation. In the case of rural water supply, governments that aim to supply clean water for reasons of public health by means of hand pumps may meet resistance of people who, for reason of private interest; prefer to take water from open wells. If governments do not consider all the alternatives open to villagers and the relative attractiveness of the project in terms of these alternatives, dissemination of the "approved" technologies may well be hampered. Governments and villagers have different perceptions and they operate in different systems. Careful project formulation, in which technologies acceptable to all interested groups are selected, is required.

The third point about new technologies is related to the uncertainty about their functioning and output. Many of the technologies which are being promoted are still rather new. Some of them have not even passed the experimental phase. It is understandable that people in the rural areas will not get involved if technical and financial feasibility has not been clearly proved. Even more important is the need to demonstrate the feasibility at sites where farmers, or, other villagers can observe the functioning of the technologies.

Dissemination of certain technologies may be restricted because they are not considered sophisticated. Many people prefer technologies that have an image of modernity, even if less sophisticated technologies are more useful than the ones chosen. Good examples of this phenomenon are solar cookers, forms of bicycle conversions and sometimes even windmills. It is important to realise that people adopt devices not for one reason alone.

The important point is that the use and development of technology must relate to the people's aspirations. "Our own immediate needs in India are the attainment of technological self-reliance, a swift and tangible improvement in the conditions of the weakest sections of the population and the speedy development of backward regions. India is known for its diversity. Technology must suit local needs and to make an impact on the lives of ordinary citizens, must give constant thought to even small improvements which could make better and more cost effective use of existing materials and methods of work. Our development must be based on our own culture and personality. Our future depends on our ability to resist the imposition of technology which is obsolete or unrelated to our specific requirements and of policies which tie us to systems which serve the purposes of others rather than our own, and on our success in dealing with vested interests in our organizations: governmental economic, social and even intellectual, which bind us to out-moded systems and institutions.¹⁵

Financing of transfer of technology

The financing of the technology transfer is another question that needs serious attention: who should finance the programme? Sugar cooperatives and milk cooperatives have shown that financing of transfer technology can be done by cooperatives or their members by raising local resources and contribution from the members. This mode of financing will make a transfer technology programme more effective and acceptable to the people.

To sum up, it has been argued that technology, in the sense of knowledge organised to do a task, has always played a major role in economic and social activity. Indeed the material levels of living, the character of social and cultural life, and the security of societies have always been closely related to technologies they used. Technologies now occupies central state in the development of nations.

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CHAPTER XVIII

Technology Transfer Role of Co-operatives

Technology transfer (TT) is a key factor in any attempt designed to increase production and productivity of a person, crop or produce. Technology transfer however, needs a responsive and effective institutional channel, and supportive input delivery system, motivated extension staff, dependable arrangements for assessing appropriateness of technology, reverse flow of information from the beneficiary target groups of their experiences, problems and expectations; and above all a continuous process of upgradation/refinement and blending of the new technology with the old. Modern technology after all is characterized by cumulative impact of small improvements - an almost invisible accretion of small improvements in innovations.

Cooperatives, given the social content in their economic activities, their democratic and participative character, and built-in responsiveness towards membership, are ideally suited as vehicles for technology transfer from the research and development centres (RDC) to the door-steps of the agricultural farmer/grower.

Imperatives of technology transfer

By all accounts the technology transfer process is arduous, complex and difficult. It must bring people with different values, cultural background and attitudes as indeed institutions with distinctly different orientations, together, and then move their with a scientific body of knowledge supportive equipment, machinery and inputs, there is the possibility that this might be seen as a possible threat to their customary way of life, by the recipients group. A few among them, on the other

hand, might perceive parities, if not, to exploit some weaker or vulnerable sections of the community. All these aspects become germane, while designing moves for technology transfer.

In the context of such ground level realities and pit-falls, some of the following imperatives of technology transfer need careful attention by those, who have, or have to assume, the responsibility of doing so.

Availability of relevant technology

Technology is created, nursed and developed often in the cloistered seclusion of the research laboratories or development centres. More often, development of a technology stems from the curiosity of a researcher; it may even result from a researcher's pursuit to expand his own knowledge. A technology may not thus always come to be developed in response to "pull-factors" from the market, or to meet specific demand/need, or even to solve a particular problem. The first step in the process of technology transfer, is thus to assess the available technology for its technical appropriateness : Is the technology suited to the situation where it is to be applied?; Will it help achieve the desired objectives? Will it really work in the prevailing operating conditions?

Besides technical assessment of the technology, it will also be necessary to establish that the target population, given its social and economic base, will be able to afford it, that its application will not leave unacceptable social consequences, that is, it should not further aggravate social disparities; and, that it will be culturally acceptable to the target population. It is known that, at times a technology has been rejected in certain social situations, simply because it was not culturally acceptable. So, the initial attempt in the process of technology transfer, is to ensure that the technology that is sought to be moved, is technically appropriate, economically affordable, socially desirable and culturally acceptable. Only then, it should be moved out of a research and development centre.

Demonstrable evidence of benefits

To be relevant, technology transfer must result in tangible benefits. It is equally important that such benefits are seen, experienced and felt. The process of technology transfer becomes immensely simple, if a two-step approach is adopted. During the first step, the evidence should be gathered convincingly to show the benefits of technology within a socio-cultural mores of the target recipients. Alternatively, technology may be applied under controlled conditions to establish its technical relevance

and to demonstrate its economic benefits and then gradually move it on trial basis to the farms/field/factory in order to give demonstrable evidence of the beneficial effect of technology absorption.

The second step will then involve actually moving the technology, together with supportive means in terms of peoples training and supply of equipment and inputs, to the fields/farms of the target group.

For diffusion ¹

Technology is often developed/refined in remote centres; the extension staff available at such centres can but reach only a few people and that too in some areas. Moreover, the approach of the research centre extension staff is basically oriented to establish the relevance of technology, demonstrate its benefits and prepare a selected few to accept and use it. The centres extension staff often lacks the requisite closer affinity and deeper understanding of the psychology of the target group, which is essential for effective diffusion of technology on a larger scale. The differences in scale, background and orientations of research centre's extensions staff and target beneficiaries, make it necessary that separate institutional devices are evolved for testing the validity of technology and its large scale actual diffusion. For the latter, it will be necessary that institutional devices identify themselves more closely with the target - beneficiaries, are more responsive to the target groups and have embodied more advanced diffusion strategies. Without the availability of such institutional devices, it is unlikely that technology can be effectively moved from the experimental/demonstration farms/fields to the farms and fields of an entire population.

Needs for motivated staff

Technology does not move. People, primarily, the extension staff, move it. Their understanding, their motivation, their skills, their orientation, and the degree to which they are empathic with the target groups are all crucial to the success of a technology transfer process. It has been rightly remarked. "that agencies and institutions responsible for development of technology need to possess sensitivity, and should be physically, culturally and socially closer to the target beneficiaries, than to any other agency, such as specific technology transfer programme implementing agency, or institutions supporting the technology transfer programme. These agencies should be oriented to "understand and appreciate real technology needs (these should be influenced by the pull factors) of the actual users, and only then these should formulate suitable technology,

policy"; and they "should also display deeper understanding of the users social, cultural and economic profile, while framing technology transfer policies, including strategy for effective and speedier implementation of technology transfer programme." 2

The extension staff not only creates the necessary environments and prepares people to accept, or even search, new technology, but also provides a valuable feedback of field level experiences and problems encountered, and expectations raised to the RDC. This reverse flow of information, then becomes the basis for further adaptation, refinement and upgradation of technology at the RDC.

To the extent the extension staff identifies itself with the people, as well as the purpose of T.T., it paves the way for a successful outcome.

Supportive input delivery system/supply of equipment

Technology is not always mere know-how. It also often encompasses supply of supportive equipment and inputs, development and maintenance of infrastructure, and availability of a host of other facilitative means, in the absence of which full potential from the application of the technology can not be realized. Without timely delivery of inputs, availability of equipment and supportive infrastructure, T.T. exercise may neither gain acceptability, nor make any tangible impact. The need to support T.T. efforts with appropriate, sensitive, and efficient delivery systems, therefore, becomes crucial.

Risk coverage

To the small farmer switching over to any new cultural method, or a crop, or seeds, or inputs, involves a big risk. And this holds true, even if there is sample demonstrable evidence of the benefits that are likely to accrue, once he switches over to the new technology. In order to persuade him to abandon or refine a traditional method of cultivation, or a staple crop in favour of a new one, it will be necessary to cover effectively the risks that he perceives. This is of utmost importance, and a break-through in T.T. is possible only when the target group is assured of the increased benefits, but with effective coverage of risks that may be perceived in the process of technology absorption.

Continuous attempts on technology upgradation

It is known that the beneficial effects of T.T. tend to peter off with the passage of time. New types of fungus and insects often appear to

attack new or existing crops. Otherwise too, threats develop in the environment, which may call for immediate attention and treatment. It, therefore, becomes necessary that the initial attempt at T.T. is followed up by a continuous research and development effort in order to sustain/upgrade/renew the initial technology. This is required to keep up the tempo and ward off any negative consequence of the initial T.T. attempt.

These are, then, some of the issues that need to be kept in view, while designing and implementating a T.T. programme by a cooperative.

Channels for T.T.⁴

Technology does not move on its own, it has to be moved by institutions/individuals. Their motivation in moving will differ, so will be the effectiveness of their efforts. Closely related to the institutions/individuals, who take on the responsibility of moving technology, is the question of channel for T.T.

Basically technology can move through two channels : the commercial, market-oriented channel and the non-commercial, beneficiary oriented channel.

In the case of the commercial, market-oriented channel, institutions'/individuals' motivation for moving technology, is basically commercial and hence based on optimization of profits. They, therefore, select such technologies as can yield higher profits from the transfer to those, who can afford the price. The relationship of those who move technology with those who develop it, and who receive and use it, primarily is transactional. They are indifferent to its social consequences on the wider society.

The problem with this channel is, that it ignores such technologies which do not yield quicker and higher profits; and the technology does not reach those who are not yet assimilated in the market system and/or who can not afford the price.

This channel has obvious limitation, if the objective of technology transfer is to move a socially desirable technology. The same will be true, if the aim is to bring about social and economic changes through technology transfer in the wider society, or to upgrade some existing technologies, in use by those who can neither afford the price of new technology, or, are not, presently assimilated in the market system. The alternative, here, is the non-commercial channel, for technology transfer.

Cooperatives, given their orientation and ideology could combine the best of the two channels, and may thus be ideally placed for effective technology transfer in agriculture.

Design of a cooperative system for effective T.T.

Three features distinguish or ought to distinguish a cooperative in the context of a T.T. programme. The participatory, and hence non-exploitive character of its management and decision making processes, its emphasis on self-help and mutual-support, and marked concern for seeking new avenues for collective social and economic up-lift of members.

Recent studies in India, reveal that wherever cooperatives have struck roots, local leadership has received encouragement and mobilized local resources, and harnessed these for the collective benefit of the members, their performance, as well as effectiveness, has been commendable. Sugar cooperatives in Maharashtra, milk cooperatives in Gujarat and elsewhere, are some of the examples of successful cooperatives. A common, but vital feature of the working and operations of all the successful cooperatives has been the selection, employment, transfer and diffusion of technologies at the farm as well as post-harvest operation levels.

Several factors explain the success of these cooperatives in transferring technology particularly at the farm level.

Firstly, cooperatives have proved themselves to be effective techno-economic systems, providing as these do, direct access, at only a nominal cost, to the small farmer to the benefits of highly capital intensive, modern processing technologies.

Secondly, cooperatives have demonstrated that these can provide an effective inter-face between external delivery systems created by the state, particularly for extension and transfer of farm technologies, and the widely dispersed farmers.

Thirdly, cooperatives, encourage local initiative and provide avenues for people's participation; and can still perform as innovative enterprises.

Fourthly, cooperatives have been able successfully to prepare people to accept and assimilate change, particularly the use of new technologies in their farms. In this way, cooperatives have been able to create a supportive culture for transfer and diffusion of technology. Cooperatives thus hold considerable potential as effective vehicle for transfer of technology.

On the basis of experiences gained so far in India, it can be stated that effective T.T. at members' farm level by cooperatives has been accomplished only when cooperatives;

- i) apply advanced technologies in processing of the raw materials, undertake high value added activities, and make effective utilisation of bye-products;
- ii) forge forward integration and undertake consumer marketing of the output; and
- iii) undertake extensive extension activities, arrange timely delivery of inputs, procure, transport and store produce and provide effective crop protection measures, all free of cost to members.

The first two aspects ensure comparatively higher net price to the members, and the third helps in increasing members' productivity and production, and therefore their incomes.

Ideally, therefore, a cooperative system aiming at effective T.T. should incorporate the following three groups of activities:

Group - I

- input delivery
- extension
- crop protection/animal health care
- members' education
- productivity enhancement supportive mechanism
- infra-structure maintenance

Group - II

- procurement of raw material
- transportation
- storage
- processing
- by-product utilisation
- development of member supportive infra-structure

Group - III

- consumer marketing of out-puts
- closer liaisoning with public authorities,
- production activities which ensure supply of inputs to members.

The question as to whether activities in group I, II, III may be taken up by the same co-operatives, as in the case as of sugar co-operative in Maharashtra, or by a verticle structures of co-operatives, as in the case of

milk co-operatives in Gujarat, can be decided keeping in view factors like the nature of the produce, membership spatial dispersal, economies of scale, maturity of leadership/membership and similar other factors. But the point to be noted in here is that all activities in these three groups must be performed in a closely integrated manner by a co-operative system, that operates under a common but widely acceptable, decision centre.

System for transfer of technology

The mere fact that a co-operative is expected to initiate the technology transfer programme is no guarantee that it will do so either successfully or effectively. Several pre-conditions need to be satisfied before a co-operative can be relied upon to initiate the necessary processes. Some of these are discussed below:

1) Will to Move Technology

There is a large number of agricultural co-operatives, which do not act as vehicles for technology transfer. The first precondition for effective technology transfer, therefore, must be widespread awareness among co-operative leaders of the need for technology transfer, and then the requisite will to do so.

Field experiences show that the following aspects help in creating the necessary awareness and will among co-operative leaders and staff :

- firm mandate from the Co-operative Development Agency i.e., NDDB, NCDC etc, that technology transfer must become an integral part of the working and operations of the assisted co-operative;
- periodic and fair election to the management committee and genuine democratic character;
- increase in members' incomes as a desired and specific goal before the management;
- professionalised management;
- high level membership awareness and participation; and
- close monitoring by Co-operative Development Agency of productivity enhancement efforts and technology transfer by a Co-operative.

In other words, democratic credentials of the management and its willingness to remain free of vested interest, political interference and government control, are absolutely necessary for creating the necessary will. But co-operative management must also ensure that there is no discrimination in the flow of technology to various strata of membership.

2) *Package Approach to Services*

The second precondition is that the co-operative system must deliver inputs, extension, support, crop/protection care, and infrastructural services as a package. It will no longer do, if extension service is provided by a government agency, credit is disbursed by another agency, and the co-operative system takes care of the rest. Such a fragmented approach has been the bane of co-operatives in the past, and cannot be expected to deliver goods in the future.

The package approach, which should include all elements of T.T. is crucial to the success of T.T. programme.

3) *Covering Growers' Risk*

As explained earlier, a majority of growers is vulnerable; its defence mechanism against external risks is weak and its staying ability is generally poor. It is, therefore, important that a T.T. programme effectively covers the risks involved in the adoption/assimilation of technology by the targeted small farmer.

The risks can be effectively covered by a co-operative system through the following steps :

- a) Rigorous assessment of technology, before moving it to the farm of a grower; this should be done in order to establish its relevance vis-a-vis the soil, economic and cultural conditions of the grower, his capacity, and his assimilative ability.
- b) Effective crop protection system ; this can be achieved by effectively protecting the crop against possible attacks from weeds, insects, pests and other elements.
- c) Guaranteed procurement at a fair price ; the co-operative system must guarantee that whatever produce is offered for sale by the grower, will be accepted and paid for at a fair price. It will be ideal if the state can assist the co-operative system, particularly to ensure that the price offered to the grower, is economic and likely to induce the him to stick to the new technology.

4) *High Value Added Activities and Effective Marketing of Output*

The ability of the co-operative system to guarantee procurement of all incoming produce and assuring growers an economic and remunerative price will, of course, depend on the total environment and crop prices at the global and national level. But, it will also depend on the

range of value-added activities that the co-operative system takes up, its success in marketing the out-put, and the quality of forward linkages that it establishes. Without undertaking high-value added activities, particularly in respect of by-products, and successful consumer marketing, the co-operative system may not be able to sustain the T.T. and offer a fair price for the produce, on a long-term basis.

5) Leadership and Management

The leader has been defined as a person with a vision, towards which he can take his fellow-being through persuasion and personnel influence. Co-operatives will need such leaders, if a T.T. programme is to succeed. Without such leaders and professional staff-managerial, technical, extension and operational - a T.T. effort may yet flounder.

6) Viable and Effective Linkages with Technology Development Centres (TDC)

The ability of a co-operative system to sustain and successfully implement a T.T. programme, will surely depend on the support it receives from the Technology Development Centres (TDC) - be it a University Research Centre, a Bio-Technology Laboratory or a government agency, and the arrangements that are evolved to convey farm level experiences and expectations to a Technology Development Centre and the ability and the motivation of the staff of TDC. Some co-operative systems like sugar co-operatives in Maharashtra have opted to set-up their own Technology Development Centres i.e. Vasantdada Sugar Institute at Pune. To some extent, NDDB, plays a similar role for milk co-operatives. Viable and effective linkages with TDC and their maintenance will have to be ensured in the case of all growers co-operatives for a T.T. Programme.

7) Need to transfer Government Extension Staff to Co-operatives

Government extension agencies and support staff are already in position in some areas to help growers to increase their productivity and production. To the extent such agencies and support staff are engaged only in transfer of technology to a particular type of grower, these agencies and staff will become more effective, if these were to be shifted and brought within the purview of the integrated co-operative system.

Continuence of existing government staff and agencies responsible for providing extension support to growers, but independent of the co-operative system often come in the way of adopting a package approach.

It may thus be advisable, if the state extension staff is placed at the disposal of the co-operative system with a view to facilitating the process of T.T.

Financing of T.T.

The question of financing T.T., in essence, depends on the channel that is chosen for T.T. In case, commercial, market-oriented channel is opted for moving technology, financing naturally will be done, in the ultimate analysis, by the beneficiary. But, if the non-commercial channel is preferred, in order to achieve certain wider socio-economic objectives, the financing of T.T. will have to be done, at least in the initial stages, by the government or some Development Agency. Co-operatives however, do hold the potential of making the beneficiary meet the costs of T.T., but to begin with, the T.T. programme will have to be externally funded.

The outline of a T.T. programme as envisaged above, shall involve considerable expenditure, particularly in the initial stages and until such time as an integrated co-operative system is in a position to earn enough surplus to meet it. Successful examples of sugar co-operative and milk co-operatives show that this is possible and can be assumed to be so. But in the initial stages external sources may have to be tapped to finance the entire T.T., as in fact, is being done in a very effective manner, by the NDDB in Madhya Pradesh and elsewhere for oil-seed growers co-operatives.

Effective transfer of technology and subsequent arrangements to upgrade and refine it, are vital for the development of the country. The process of technology transfer however, needs to be smooth, cost effective and sensitive to the ability and real needs of the beneficiary. The development of technology by the R & D Centres, or availability of technology in the market place is no guarantee that it will move in a socially desirable direction, or towards those who need such technology most.

The co-operatives which combine the desirable features of the commercial, market oriented channel, as well as non-commercial, beneficiary oriented route for T.T., are ideally suited to effectively move technology, particularly in the field of agriculture. But, merely because a co-operative holds such a potential, is no guarantee that it will indeed do so. Efforts will have to be made, first, to fashion an appropriate co-operative system, and then create a will and a desire among its management to underlater T.T. programmes for members. A mandate from a Co-operative Development Agency, its democratic character, periodic and fair elections to

the managing committee, and professional management can all help a great deal in creating the necessary desire and will in co-operative leadership and management.

With their strong roots in the local milieu, and with integration of their activities, and the popular support, that they enjoy, co-operatives can indeed become very effective vehicles for T.T., particularly in the rural areas.

References

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PART - V

Ensuring Responsiveness

CHAPTER XIX

Members' Participation

Viewed from the value perspectives of a poor, highly stratified society, which is also characterised by economic disparities, social inequalities and a relatively centralised polity, where co-operatives are also closely controlled and dominated by the state, members' participation can but be a crucial pre-condition for the genuine development of mass-based co-operatives.

Participation as a special form of interaction and communication implies sharing of power and responsibility. But it is also a means to ensure a co-operative's sensitivity to members' needs, and responsiveness to their demands. ¹

Participation here, must be seen as the active involvement of members in the planning, implementation and control of activities, programmes and projects, and not merely their passive acquiescence in pre-determined tasks, or, their exploitation, in order to reduce labour costs. ²

Planning and implementation of co-operative development efforts have often been arrested because of lack of popular participation. Lack of co-operative members' participation has sometimes been compensated by increased administrative controls, which, in some, instances have resulted in the true character of co-operatives being neutralised by experts, state bureaucracy, managers of co-operative development agencies and other do-gooders and dominant groups. All this, then, often renders active influence by ordinary members increasingly difficult. It has also been argued that "inadequate knowledge among administrative staff regarding aspiration and needs among a majority of co-operative members has created, what is sometimes called, "project dependency difficulties in integrating projects in the local environments."³

Members' participation - a definition

Participation may be seen as a process by which members influence the direction, scope and contents of operations and activities of their co-operatives, with a view to enhancing their well being in terms of income, personal growth, self-reliance, social status and other values that they cherish. Participation is essentially a process' and not a "product". It has to be pursued all the time, by affording opportunities to members to implement their urges on the blue prints of activities and plans of their cooperative.⁴

Why members' participation !

The obvious shortcomings of conventional modes of planning and programming have propelled participation into becoming a fashionable topic, both in academic circles and national and international forums, particularly wherever implementation of rural development policies are debated. Those familiar with the histories of "rural development programmes in third world settings, know all too well that popular participation particularly of the under-privileged usually remains marginal at best, especially within programmes enjoying official support".

This is so because these programme are "initiated and mapped out within a close national bureaucratic planning system", head-quarters of co-operatives development financing agencies, and offices of the state Registrar, Co-operative Societies. Or, these "may have been designed to meet the demands of powerful local politician".⁵ Not surprisingly, these institutions subsequently charged with carrying out such programmes and projects usually operate at levels far beyond popular control and are not at all "structured to encourage participation".⁶

Verhagan, therefore, argues: "Even organisations designed with a democratic and participatory structure-cooperatives, farmers associations for example, must function for the greater part, under conditions of strict regulation and control of development authorities from above".⁷ The organisational autonomy suggested by their formal status "turns out, upon closer analysis, to be merely nominal". The mode of operation of organisation "were - and still are - fixed by law, by subsidiary legislation, or by orders emanating from the promoting agencies".⁸

In such conditions, people hardly matter. At times however, as a tribute to the compulsions of democracy and as a requirement of law, a facade of democratic management is often created. It is thus hardly surprising, Verhagan points out, that people in rural area regard co-

operatives, and more importantly respond to them as a “mere extension or technical arm of their promoting agencies”.⁹ People at the base “have been afforded little room to participate in goal definition, determination of organisational procedures, control and evaluation of organisations depicted as their own”.¹⁰

This, in-fact, represents the classic model of top-down mode of development. But, to be effective, a co-operative, needs to be bottom-up effort, rooted in its commitment to the active participation of local community and other beneficiary groups, in its affairs. It is against this backdrop that the real import of members participation needs to be seen. In literature, there is however, considerable disagreement among development scholars and practioners on the concept of participation. The objectives of participation are seen to be varied and manifold. For, a genuine cooperative, participation embodies within it the genes of an organisation that is sensitive to members needs, offers only quality service, and functions in order to create a better society.

Objectives of participation

The objectives of members participation¹¹ can broadly be listed as under :

- empowerment of members
- capacity building of members
- improving effectiveness of co-operatives
- raising capital/sharing costs
- increasing efficiency of co-operatives'/members' operations, and fostering spirit of self-help and mutual support

It has been stated that in the broadest sense, participation may be thought of as an instrument of empowerment. What it really implies is that people, but particularly those who are marginalised within the existing socio-economic framework, should have an opportunity, through co-operatives, to assert their claim vis-a-vis others. It also means that participation can be seen as a process to raise political consciousness of the people and a means to empowering them so that “they are able to initiate action on their own and thus influence processes and outcomes of development”.

Participation can also serve a more limited objective of building beneficiary capacity in relation to a co-operative development agency or department. Thus, members may share in the management tasks of the co-operative development agency/department, by taking on operational

responsibility. This needs to be seen, and appreciated in the context of the common phenomenon of dominant caste groups or economic interest "capturing" a co-operative, or developing "vested interest".

Developing members' capacity can contribute to the sustainability of the initial attempt, beyond the period of subsidy and patronage due to "enhanced level of members' interest, involvement and competence in management of a co-operative. Participation may also contribute to the increased effectiveness of a co-operative. A co-operative is seen as effective, "when it succeeds in achieving its stated goals". By allowing members' participation, a co-operative can ensure better design and improved implementation of its activities as indeed a better match between what it offers and what members really need. Viewed thus, 'participation' entails the co-production of goods and services by members jointly with professional management and "co-operative development agency".¹²

Yet another objective of participation is the desire to share the cost of an activity, or raise capital from the members.

Thus members may be expected to contribute labour, as in the case of road building by a sugar co-operative, or, costs of services, as in the case of animal health care delivery services provided by a milk co-operative union. Participation may thus be helpful in creating a collective understanding and agreement on cost sharing/or capital raising (e.g. non-refundable deposits from members of a sugar co-operative) and its enforcement.

Participation may help in smooth technology transfer by removing doubts and misgivings about a technology transfer programme. Participation can also help in promoting "agreement, co-operation and interaction among members and between them and the management of the co-operative, or, a co-operative development agency, so that delays are reduced, smooth flow of services is achieved, and over all costs are minimized". It can also foster a spirit of self-help and mutual-support.

These objectives in practice may and do overlap in real life situation. A co-operative may however, simultaneously pursue all these objectives, but with varying intensity. These objectives, can also be seen in an hierarchical order. Empowerment is a higher level objectives than say, "efficiency". As one moves up in the hierarchy, a higher level objective tends to incorporate some of the lower levels too. Empowerment, for example implies capacity enhancement also. The reverse is not necessarily true.

Intensity of participation

Participation can and does vary in its intensity. In fact one may even think of participation in terms of gradation.

The extent, degree and intensity of members' participation in a co-operative will depend on factors like:

- members' expectations
- nature of task objective
- types of decision situation
- maturity and experience of members
- time-availability
- past practices
- managerial styles
- autonomy and freedom enjoyed by the co-operatives itself.

Participation may vary in the following ways and assume the form of ¹³

- information sharing
- consultation
- decision making
- initiating action

It will be useful to distinguish between these four levels of intensity of members' participation.

Information sharing

The management of a cooperative may share information with members in order to facilitate collective or individual action. It may send periodic performance reports, project proposals and achievement profiles to members.

Undoubtedly reflecting a low level of intensity, it does however have a positive impact on activities and operations of a co-operative, to the extent it equips members to better understand and perform their tasks and carry out their obligations.

In a technology transfer programme information sharing may, in fact, be critical.

Consultation

When members are not only informed but also consulted on key-issues at some or all stages, concerning the designing and operationalisa-

tion of an activity, the level of members' participation rises. Members have then real opportunity to interact and provide feed-back which can then be incorporated in the concept-design-implementation-process. If members are consulted on extension practices outcome are likely to be better than if they were to be merely informed.

Decision-making

This is a still higher level of intensity. Decision may be made exclusively by the members, or jointly with the managers, the extension staff, the representatives of external development agencies, on specific issues or aspects relating to an activity. farmers, for instance, may decide by themselves when to introduce by-pass protein cattle feed - than have it thrust on them by the technical staff of a milk cooperative unions. Decision-making implies a much greater degree of control or influence on an activity or operation of a cooperative by its members, than under consultation or information sharing.

Initiating action

When members are able to take the initiative in terms of launching an activity or deciding on its contents and thrust, the intensity of members' participation may be said to have reached its peak. "Initiating implies a pro-active capacity and the confidence to get going on one's own".

When member-groups engaged in oil-seed cultivation identify a new seed variety and decide to try it out on their own, they are taking the initiative for their development. A co-operative under these circumstance should than respond with the support services.

In planning activities and operations of co-operatives, government department or co-operative development agencies often tend to pre-empt the initiative that members may like to take, or, have actually taken. In such cases, members can play only a reactive role. But activity initiating agencies can and must encourage potential members themselves to initiate action. But as stated earlier, the spur to let members initiate action may be tempered with situational realities.

Instruments of members' participation

By instruments,¹⁴ it is meant those institutional devices that are used by managers of a co-operative to organise and sustain members participation. These devices may vary in complexity in terms of design and

management, and their relevance to different types of activities and operations.

The instruments of members' participation may be grouped into three categories:

- extension/field staff
- sub-committees/managing committee and general body of members
- members' groups

Extension/field staff

A co-operative may use its field staff in order to mobilise and interact with members - individually or in groups. But motivation and orientation of field staff are crucial factors as well as key-determinants of its effectiveness as instrument of members participation. Their exposure to well-designed training programme, can help a great deal, so can their perception of their own role as well as leadership/management's real intents. If they perceive themselves as government inspectors or officers of co-operative department, their ability to promote and sustain members participation is likely to suffer. If this perception is also shared by members at large, the chances are that the field staff will not be able to facilitate members' participation, except at a relatively low level of intensity.

Sub-committee/managing committee/general body meetings

Sub-committees/managing committee and the general body of members are all formal organs of a co-operative. Even these can become effective instruments, if a culture of openness and empathy is created. Too often the convening of general body meeting is seen as the fulfillment of the requirements of law, than as an opportunity to let members express themselves, provide feedback, give vent to their anxieties and articulate their aspirations. In a larger, integrated co-operative structure, informal village level committees, if organised, can become very effective instrument of members' participation.

This will be particularly relevant, when a large number of people are involved. Committees are useful devices for members to reach higher levels of participation intensity, provided they truly represent the members' interest.

Members' groups

When membership is fairly homogenous in terms of specialised needs

or resource-base, it is possible to organise viable groups of member-users of the services of a co-operative, and than deem these to be instruments of members' participation.

This instrument has the potential to achieve the highest level of participation, though admittedly its creation and sustenance are very much complex.

In any case, members groups are likely to evoke intense participation.

The use of one instrument, however, does not preclude the use of others. The selection of instrument of participation may depend, apart from what is legally laid down, on the perception of management, as indeed members' willingness to actively participate, and their ability to do so.

Basic principles of strategy for successive promotion of members' participation ¹⁵

Verhagan, after a study of past efforts to generate participation of under-privileged groups, has enunciated the principles of strategy for successful participation.

The principles are as under:

- 1) Promotion of participation: no charity, no coercion. As a development strategy to combat poverty, people's participation must be kept distinct from classical charity and welfare approaches, which attempt to channel "aid" to people considered too poor, too resourceless to help themselves.
- 2) Participation in design as well as execution. Participation should start at the stage of deciding what to do and how to do it. It should continue throughout project implementation, allowing feed-back control and adjustments.
- 3) Impose no obligatory model. Rural populations should be given the opportunity to develop their own organizations. Models for group action and organization should not be presented by promoting agencies as binding but rather as proposals for further consideration by promoters and targets groups.
- 4) Determine no set pace of development a priori. Every rural organization should be allowed to proceed at its own pace of development in harmony with its own capacities of self-administration and self-organization.
- 5) Goals of group action: participation means response to "felt needs".

The objectives of organized people's participation should be an expression of the aspiration of group members to improve and to control the circumstances of their lives. Concerted action should be perceived by members as necessary to the achievement of this desired end.

- 6) Participation should produce tangible benefits in a short while. Identification of an appropriate take-off activity for a local organization is crucial. This "take-off" activity should yield substantial and tangible benefits in a limited period of time/and at relatively little cost. Technically, the "take-off" activity should involve mobilization of the expertise and experience available among group members.
- 7) Members should be called on to contribute from their own resources, voluntarily. Materially deprived member-beneficiaries' voluntary contribution whether in the form of capital, labour and/or land, has proven essential for both success and wide-spread participation. This principle requires special attention in schemes which aim at to enlarge the resource base of small farmers, fishermen, etc., by providing them with inputs and credit.
- 8) The organization should be socially viable. Participants must be able to see themselves as a group with common interest and needs and therefore be prepared to accept each as partners in common action and enterprise.
- 9) There must be adequate concern for social and economic viability. In determining membership size for local organizations, social and economic viability, both require consideration. Isolated economic arguments may all too easily justify formation of an organization with a heterogeneous, geographically dispersed membership. *
- 10) Whenever and wherever large-scale organization is unavoidable, still contrive to retain an essential level of participation. Scale enlargement and large scale organization cannot always be avoided. The larger the organization, the more complicated it becomes in terms of administration, management and technology. The multitude and complexity of decisions which need to be taken, often on short notice, require the delegation of increased powers to skilled administrations and professional managers. Such delegation imposes serious limits to broad-based participation, in particular at higher levels of administration and management.

An exclusive preoccupation with economic viability has often led to the establishment of co-operative service units at a super-village level (e.g. district level) which precludes full membership participation, especially by women.

- 11) Education: use it as a tool, not a remedy. The primary aim of any educational programme offered by a promoting institution should be to equip the members of the organization with sufficient information and tools to facilitate meaningful participation in decision-making and control.
- 12) Foster emergence of leadership from membership ranks. In instances where members belong to various social categories, uncontrolled, autocratic leadership and management structures are likely to develop. Leaders should preferably emerge - and executive staff as required - from the same social category to which members at large belong. Adherence to this basic principles is of outstanding importance. People are known to feel little or no responsibility for the well-being of the lower strata.
- 13) External control is also necessary. As a complement to internal control, exercised by members themselves, external control is necessary to ensure the equitable distribution of benefits and to prevent possible misuse of power by leadership and executive staff. Those organizations with extremely mixed membership and/or operating on a large scale require frequent and thorough external control (auditing in particular). The need for external control from outside - and thus its costs - is greatest where the resource input from members is less substantial than the resource input from outside sources.

To put the thirteen principles enumerated above into practice would, in most cases, require a drastic shift in the policies of development agencies and the attitudes of their field workers. It would demand a belief in the capacity for self-development of all people, regardless of their formal educational background. Such belief, it can be stated with assurance, is not shared by everybody. Indeed one is often ridiculed as naive or utopian, or both, by those who support a rural development promotion policy with more paternalistic overtones.

Major inhibiting factors

The following are the major inhibiting factors that tend to come in the way of successful members' participation:

Members' participation not perceived as a basic value

Of all the major inhibiting factors retarding the process of members' participation, is the fact, that it is not perceived, at least, not among staff of government co-operative departments and co-operative development

agencies, as a basic value of co-operation. This is true as much for the state bureaucracy responsible for development of co-operatives as of co-operative development and financing agencies, which take the initiative for the promotion, organisation and development of co-operatives. Even the traditional leadership which comes to dominate co-operatives, are no votaries of members' participation; election to the managing committee, perhaps, yes; but members' active participation even limited to consultation, well, no. The social attitude, the traditional culture, but above all, lack of understanding of true purpose and ideals of co-operative, lie at the back of this denial of opportunity to members to participate.

Co-operatives as instruments of state

As has been argued elsewhere, co-operatives, when these come to be seen as instruments of a state, or as a means to achieve some planned objectives of government, or as agents of a state trading corporation, cease to mean anything, except just "instruments". Participation on the other, signifies members, who, in the words of Lars Marcas, President of the ICA, "demand, propose and push, criticise, support and when necessary consult, propagate, defend care about, progress as well as setback, are sufficiently informed to select their leaders, and to employ the right professional specialists"; that is participation. A far cry from the present approach of the state towards the co-operative development.

Stress on replication of successful models

Yet another important inhibiting factor in the process of encouraging members' participation is the belief among certain quarters that there are short cuts to co-operative development, and the best way to develop co-operatives is to replicate successful models elsewhere. The setting up of NDDDB as an agency to replicate the successful model of co-operative dairy development at Anand, is an example of this belief. Now, NDDDB has evolved, on the basis of experiences of Anand Pattern of dairy co-operatives, a highly advanced, but somewhat inflexible model, which it insists, must now be adopted by those, who wish to avail its financial assistance. Under the Anand Pattern of Milk Co-operatives, even the model bye-laws of the state federation, of co-operative milk unions, it is provided that there shall be a programme committee consisting of chief executives of member-unions, *inter alia*, with the following functions:

- 1) to recommend the manufacturing programme for the ensuing year and to review it periodically

- 2) to fix the minimum standard of the products to be manufactured and marketed by the federation
- 3) to plan procurement and production, keeping in view the market strategies.

The boards of directors of state federations of milk co-operatives, have often commented, that this programme committee severely limits their role, and thereby the participation even by the elected directors leave alone the ordinary members, in the management of milk co-operatives.

In some other instances, a co-operative development and financing agency may insist on a co-operative to decide, in one way or the other, thus taking away from members the right to participate and decide.

Remote control of co-operative department

It is well-known that the co-operative department officers of the state governments wield enormous, if invisible, authority on co-operatives. The Registrar, Co-operative Societies, has in fact been empowered to set aside, under certain conditions, even the decisions taken by an elected board of directors of a co-operatives. his representatives, sit in all decision-making bodies of larger co-operatives, where they enjoy even the right to veto any resolution passed by a majority in an elected board. This remote control by the co-operative department staff and through them by political executives, also restricts genuine members' participation in co-operatives.

Members indifference

Lastly, there remains the fact of members' own indifference to active participation in the affairs of their co-operatives. This may be due to past unrewarded experiences, low level of interest, fear, illiteracy, or plain attitude developed in a culture of deprivation and exploitation. This is a formidable hurdle, and can best be overcome through patience and hard work of extension workers, education, and genuine desire among leaders to encourage participation.

What needs to be done !

Any programme designed to encourage wider and intensive members' participation in co-operatives, must, of necessity focus on the following three areas.

Change in the orientation of co-operative development and financing agencies and governmental co-operative departments.

Members/staff/leadership education

Nature of activities/operations of co-operatives.

It will be necessary that managers, executives and other staff of co-operative development and financing agencies and governmental co-operative departments are imbued with basic ideals and values and philosophy of co-operation. They need to be exposed to the cardinal imperatives of members' participation and their own role in fostering a culture which encourages members to participate. It may necessitate introducing a greater degree of flexibility in their approach and nurturing a culture that is accommodative of members' urges and aspirations.

In terms of their structure, it may mean greater decentralisation, in terms of their functioning policies, it may mean no rigid conditions, and in terms of management of projects, it may mean bowing before the maturity of local leadership.

It is the task of "development workers, leaders and administrators to listen, to interpret and to channel the wishes of our members. It is, therefore, also our task to educate members and future leaders and not least the staff about reasons for broad members participation. We have to our peril, neglected participation as a major force of co-operation". The Swedish Co-operative Centre, Stockholm had recently launched, a major project on "Methods for Active Participation" (MAP), which was originally introduced as Co-operative Members' Participation Programme (CMPP). It is currently being implemented by co-operatives in three African countries, Kenya, Tanzania and Zimbabwe. This is a three-year research and methodological development programme, which "has been established in order to further develop the different participatory approaches applied within the existing and the future national MAP (CMPP)"

Objectives on the MAP (CMPP) ¹⁶

The MAP (CMPP) Project is a method development project for the enhancement of grass-roots participation in the activities of co-operative institutions. Though the particular focus of this project is within the context of the co-operative movement, it will also address mechanisms for grass-roots participation in more general planning for rural development.

The development objective of the MAP (CMPP) Project is to

develop participatory approaches that strengthen the abilities of rural people, especially the more marginal segments of the rural population, i.e. women and other disadvantaged farmers to take a development process.

The immediate objectives of the MAP (CMPP) Project would run in two parallel dimensions. The first dimension would be conducted within the context of the co-operative movement for the development of a very particular approach to participation. The immediate objectives in this regards are:

- To further develop a grass-root participatory methodology known as 'MAP (CMPP)', within the context of the co-operative movement, particularly in the primary co-operative societies.
- To develop techniques for monitoring and evaluating the impact of MAP (CMPP)
- To provide support to national MAP (CMPP) activities through facilitator training, planning, monitoring and evaluation.

The second dimension of the MAP (CMPP) Project would be to transform the experiences with MAP (CMPP) for broader applications in other development contexts, both within and outside of the co-operative movement. The immediate objective in this regard is:

- To develop a new approach to rural project planning and formation through the adaptation of MAP (CMPP) participatory methods.

The outcome of the project as well as working methodologies for wider application elsewhere in the words, will be keenly awaited.

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CHAPTER XX

Professionalisation of Management

The talk of professionalisation of management has become a cliché - and not only in co-operatives forums. And yet professionalisation remains a distant dream in all sectors of the economy.

What is professionalisation of management ?

The World Council of Management (CISO) at its Congress in Caracas, in 1975, had discussed the issue of professionalisation of management and has also examined the ways by which such professionalisation could be enhanced. Broadly the following were considered as prerequisites for a profession:

- a) subordination of self-interest to the client interests and the social interests;
- b) a systematic body of knowledge that is held in common and lends itself to application;
- c) the observance of certain rules of conduct or behavior by members of the profession.

Fulton defined professionalisation to include two main attributes : "One is being skilled in one's job - skill which comes from training and sustained experience. The other is having the fundamental knowledge of, and deep familiarity with, a subject that enables a man to move with ease among its concepts. Both spring from and reinforce a constant striving for higher standards".¹

The phenomenon of professionalism is essentially a function of modernization; and specialization is the essence of professionalism. The criterion of professionalism "has been listed as specialized knowledge or skills and their use in the interest of the client; autonomy of judgment;

strong motivation; full time occupation, and existence of professional associations to ensure standards and to protect the autonomy of profession”².

In other words, the ideology of professionalism stresses independence of the professional from the client employer, economic pressure, or even from work itself. He is paid to work, and does not work to be paid. It has been repeatedly stressed in literature on the topic, that every profession develops its professional code of ethics. “Such a code presupposes the prevalence of an inherent sense of pride and strong in-group feelings, a wide sharing of a common set of values, a confidence that the profession has a capacity for self-regulation to ensure technical proficiency, moral integrity, discipline and a fair amount of autonomy”³.

The remarkable feature of professional is that “the professional in an organization setting tends to perform a “cosmopolitan” role. He assumes a small degree of loyalty to the employing organization, a high commitment to the specialized skills, and an outer-reference-group orientation.”⁴

Why stress on professionalism?

The dictates of professional competence help in the “growth of a culture, development of certain norms and values, an ethical standard and so on”⁵. Professional and organizational goals frequently tend to reinforce each other, and thereby help achieve excellence.

Thus, a profession seeks to demonstrate certain proficiency and excellence in practice, based on a systematic body of knowledge; it aims at inculcating among its members a sense of responsibility towards others, and at establishing norms of behavior, and clearly defined qualifications for membership.

Issues in professionalisation

i) Professionalisation in the wider society

It is inconceivable that management in co-operatives alone can be professionalized without corresponding winds of change blowing in other sectors of the economy-public, private and joint. Some of the wider social and cultural factors that inhibit professionalisation of management in other sectors of the economy remain equally valid for co-operatives. It is widely held that the degree of professionalism, in an economy is related to the maturity of its organizations, and the time that has elapsed since the start of the process of industrialization.

The intensity of the above inhibiting factors, in the case of a co-operative, given its diffused ownership pattern, social orientation and undefined measures of performance, if any thing, is even greater.

ii) Perception of their Role by Elected Leaders

Most co-operative leaders model their role behaviour on the pattern of political leaders, who, as ministers in the government, behave like super- executives : formulating policies, taking decisions, ensuring implementation, allocating resources and reviewing performance. It is, therefore, common to see a chairman of a larger co-operative, particularly if he is also active in the political life, often behaving like a chief executive. But lacking the attributes of a professional, who alone can take objective decisions, and in the absence of public accountability, a lay chairman often retards the process of professionalisation of management. Ideally, an elected board of directors and, a chairman in particular, should confine it/his role to the selection of the top management team, taking major investment decision, appropriation of surplus, and reviewing management performance. And they should intervene only to replace the executive management, if the performance does not come up to expectations.

Evidence from the field, on the role of the chairman and/or the board of directors of a co-operative vis-a-vis the professional managers, shows that the role perception among chairmen and board members can be classified as political, corporate, and administrative.

Under the political role perception, the chairman and the members of the board, consider their role as that of the super chief executive. They visit the co-operative, as often as possible, exercise control on day-to-day operations and participate, nay, dominate, in the decision making. The paid professional manager survives only by playing a second fiddle to the chairman/board.

Under the corporate role perception, a chairman/ and members of the board of directors take their role as that of as non-executive advisors, as in any large private sector corporation. Here, a chairman/board plays a limited policy formulation role, generally confines his/its activities to such areas as may be suggested for deliberation and action by the paid professional managers.

Under the administrative role perception, (which is common among governmental nominated chairman/board of directors), a chairman, as well as the board, perceives his/its role as agent of the state, and tends to treat a co-operative as no more than an instrument for implementing

government policies and programmes. In their perception, a co-operative merely is an appendage of the state administrative apparatus.

iii) *Practice of Deputation*

At times, it looks that all talk of professionalisation of management in co-operative is merely rhetorical. On public platforms claims are staked on professionalizing management, in private, senior positions in co-operatives are agreed upon to be manned by officers on deputation. If, in the private sector it is the kith and kin of the owner, who retard professionalisation, in the co-operative and public sectors, it is the deputationist, who queers the pitch and thus thwarts the process of professionalisation.

What can be done?

Code of conduct: The first step that needs to be taken to ensure gradual professionalisation of management in co-operatives, is to evolve a code of conduct for the elected leaders. The code of conduct should clearly stipulate the place, role and functions of the board of directors, thereby effectively demarcating the role of democratic leaders and paid professional management. It is obvious that co-operative leaders themselves should evolve such a code, and then voluntarily observe it.

Stringent performance audit: Professionalisation of management will not take place unless there is a counter pressure to improve performance. It will be therefore necessary that a system of performance audit of co-operatives, either by an independent body consisting of members, representatively elected by the general body, or similar other public spirited watch-dog bodies, is introduced, in order to pinpoint areas of deficiencies in management, and locate the reasons for such deficiencies. This should, hopefully, result in an eventual acceptance of the concept of professionalisation of management, being put into practice.

Active membership participation: Yet another countervailing power that can be created to balance any excessive zeal to “manage”, on the part of the elected leaders, is the introduction of appropriate devices that encourage and permit active involvement and participation of members, particularly in those areas which directly affect their household economics. Together, with a relevant member-education programme, this should help pave way for professionalisation of management.

Improving working conditions: Even if the above steps are taken, it is unlikely that it would be possible to attract professional manager, unless

the working conditions within co-operatives are improved. More liberal compensation, greater freedom of action, job enrichment, should all combine to attract and retain talented people to work in co-operatives. Equally important is the need to provide job security, particularly to senior management. Many a manager compromise, when confronted with the threat of loss of job.

Barring deputationists: Better working conditions in co-operatives might unwittingly retard the process of professionalisation of management, if simultaneously steps are not taken to bar the entry of deputationists. For, better working conditions can also become too tempting for the deputationist to resist. There is no reason at all to accept the oft-quoted plea that co-operatives can not attract and retain professionals, and therefore, deputation of government officers, to key positions in co-operatives for varying intervals, is necessary. Evidence from the field, in fact, points to the contrary.

A word of caution

Some recent experience of co-operatives seem to convey the impression that professionalisation has, at times been confused with commercialization.

Commercialization implies trading solely for profit, the only value it imbibes is the maximization of profit. But one must be very wary indeed of this concept, however alluring it might otherwise look. For, professionalisation in the context of co-operatives, means objectively in decision making, and of course optimum utilization of resources, but within the frame-work imposed by the basic values and philosophy of cooperation: sensitivity towards members and non-exploitation; service, the motive of fostering self-help and mutual support among members, and the rest.

There is a real danger that in their quest for professionalisation, co-operatives might fall prey to commercialisation, and thereby lose their soul. This must be resisted.

Recent trend

The debate of professionalisation of management in co-operatives has now begun to lose much of its luster, the concept is now accepted, even lauded, but in practice, it continues to be ignored.

In essence, professionalisation of co-operative management implies that the actual management that is, decision making and resources

allocation authority, in co-operatives should be in the hands of people who belong to the profession of management, that is, those who are trained in a systematic body of knowledge, that is held in common, and lends itself to application; who observe a code of conduct and behaviour which puts larger social interest above their private interest; and who have the ability and the will to take an objective, rational view in decision making situations.

Inevitably, questions have been raised, if that is what professionalisation of management in co-operatives implies, what is the meaning of democratic control and what is the place, role, and functions of the elected leadership? And, rightly so.

Before taking up for discussions questions like these, it is important that the processes of professionalisation of management, as it has historically evolved, is seen in its proper context.

The need to professionalise management elsewhere in the world, was felt only; (i) when size of the individual enterprise had out-grown the capacity of the individual entrepreneur efficiently to manage and control its operations, and (ii) an organised body of knowledge-concepts, principles, techniques tools and theories on management, was available and could be systematically studied to pursue a professional career in management.

But, it was not at all an easy task to persuade captains of private industry and trade, in USA and Europe who had built giant empires, to agree to abdicate from their traditional authority role in favour of professional managers. Not until stakes of the society at large, in the effectiveness of larger business had greatly increased, did the pressure start building up in favour of professionalization. For, it was felt, that if the modern corporation was to become an engine of economic growth, it was imperative that it was managed by those, who had the talent and the ability to do so.

In fact, it was made to look, as if there was hardly any choice, in case the modern corporation were to survive. A call had gone : "A time has come, when capitalism must be saved from the capitalists". Implicit in this call was the fundamental belief, that ownership and management must be separated.

Effective management requires certain special skills, abilities and attitudes on the part of those who are expected to manage large corporations. The owners or their heirs might not have any such virtue. In other words, it was suggested that whereas an owner could continue to sit in the

board of directors, and review performance of the corporation and thus exercise control over its activities, the actual task of resources allocation and decision making and carrying out of operations ought to be left in the safe hands of the professional manager.

It needs to be pointed out here that, despite all the changes, even today, management of not all large corporations has been fully professionalised.

It is against this background that the question of professionalisation of co-operative management needs to be debated and discussed. ⁶

Three points are obvious. Firstly professionalisation in co-operative implies separation of democratic control from executive management and authority to allocate resources and make decisions. Secondly, the degree and extent of professionalisation in co-operative will vary with the size of the co-operative, intra-structural relationship, personality of the individuals involved, and their role perceptions, values and commitments, nature and extent of involvement of the government, stiffness of competition faced, and the age of the concerned co-operative. Thirdly, professionalisation is a gradual process and can only to be achieved over a long span of time.

Before discussing different approaches to professionalisation of management in co-operatives, it is necessary to list some of the major inhibiting factors which are seen to retard the process of professionalisation.

These factors include general social and economic environment, and degree and extent of professionalisation in other sectors of the economy; role models of co-operative leaders; the extent of dependence of co-operatives on state bureaucracy for man-power, and above all expectations as well as criticality of dependence of membership on the co-operative.

Three approaches

Basically one can think of **three approaches** for ushering in professionalism in management of co-operatives. **These are:**

- i) **Historical Process Approach**
- ii) **Legalistic Approach**
- iii) **Strategic Management Approach**

positions are filled in only by those who have the necessary merit and demonstrated ability to perform at the job. When, for instance, a development financing institution, like NCDC/NABARD/NDDDB prescribes and insists on certain qualifications for the staff to be appointed in its assisted co-operatives, or, when it prescribes standards of performance for co-operatives, a nurturing culture for professional management is created. The autonomy of co-operative is not undermined, the staff remains accountable to the elected management, and development financing institution is seen to be carrying out a legitimate task.

Under this approach, professionalisation of management is introduced by creating conditions where managers are assigned increasing responsibility; which they then discharge, in collaboration with the elected leadership.

Undoubtedly this approach has succeeded only when a code of conduct is evolved and observed by the elected leadership, performance of co-operatives is periodically monitored, and results placed before the membership, development financing bodies like NCDC/NABARD/NDDDB use their clout, and governments are discouraged from deputing their staff to man key positions in co-operatives.

Even here, attempts, will also have to be made to improve working conditions in co-operatives in order to attract and retain professional managers; It will be equally necessary to create necessary facilities for imparting professional training to staff, on a continuing basis, and encourage co-operatives to stand up to competition and perform in the market place. The co-operatives must not depend on the state for their survival. Without such pre-conditions being fulfilled, this approach can hardly succeed.

Professionalism has become to be seen as the defining feature of a modern society. Management has become a profession and is now widely accepted as such. Unless the co-operatives resolve gradually to introduce professionalism in their management, these are not likely to be able to effectively compete in the market, and service their members, both essential for retaining their members' loyalty.⁷

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i. Historical Process Approach

This approach is based on the assumption that one day, under the weight of wider social and economic forces, professionalisation of co-operative management will materialize. Under this approach, efforts are made to sensitize co-operative leaders and other, to the imperatives of change, and the value of professionalism. Implicit in this approach, is the belief that historical forces at work will somehow, usher in professionalism in co-operatives. Debates, seminars and discussions on the subject are all manifestation of a belief in the efficacy of this approach. But the trouble with this approach is that it is a woefully slow process, and may take decades, before it may yield results.

ii. Legalistic Approach

Another approach which has been tried in varied forms in India, as well as elsewhere, is to use the co-operative law, rules and bye-laws as well as powers of the Registrar, Co-operative Societies, to enforce professionalisation in co-operatives. The setting up of the Panel Authority at the central level to select chief and senior executives, creation of cadres, prescribing organizational structure and qualifications for the appointment of staff, setting up of employees' service commissions, are some of the steps which have been taken under this approach.

The flaw in this approach, however is that it antagonizes the co-operative leadership and retards the process of institution building, prevents nurturing of loyalty and commitment among managers. It may also result in a mismatch between the man and the job, leading to inefficiency and ineffectiveness and severe loss in operations and business. This approach also has the potential of pushing co-operatives into the embrace of administrative set-up of the state. One though wonders, whether such steps, as are listed above, were really taken to professionalise management, or merely were designed to contain the perceived growing hold of the politician and the non-official elements over the co-operatives.

iii. Strategies Management Approach

This approach is based on the premise that autonomous character of co-operative should be preserved and professionalisation of management should be attempted through selective intervention, which ultimately results in building an appropriate management culture in co-operatives. Under this approach, care is exercised to ensure that senior managerial

CHAPTER XXI

Human Resource Development in Cooperatives

Human being as such is not a “resource”. He becomes a resource only if trained, organised and allocated to productive work. ¹

The development of human resources in the co-operative sector has to be viewed in this context and as an integral part of the performing ability of a co-operative organisation.

Resources are not made by nature. These are made by men. This is particularly true of two key resources - human being and capital. Resources, writes Peter Drucker, are developed by managers, are allocated by manager, and managers are responsible for their productivity. In other words, management is responsible for the development, allocation and the productivity of human resources. This is the central task of management - the task of training, of developing, and of managing - more so in a developing country where there are too few productive human beings. ²

In so far as we are considering the co-operative sector, several steps need to be taken if people-members but particularly employees have to be turned into resources: organising people, training people, assigning people and putting them where their strengths can be productive. That is the true development of human resources. ³

Effective organisation as the pre-condition for development of human resources

Organisations are social units (or human groupings) deliberately constructed and reconstructed to seek specific goals.⁴ An organisation is characterized by : (i) division of labour, power, and communication re-

sponsibilities, decisions, which are not random or traditionally patterned, but deliberately planned to enhance the realization of specific goals; (ii) the presence of one or more power centres which facilitate the flow of concerted efforts of the people and direct these toward its goals; these power centres also must review continuously the organisation's performance and re-pattern its structure, where necessary, to increase its efficiency; (iii) substitution of personnel, i.e. unsatisfactory persons can be removed and others assigned their tasks. An organisation can also recombine its personnel through transfer and promotion. ⁵

It is, therefore, obvious that if people have to be converted into human resources and developed within the co-operative sector, co-operatives must begin to function as effective organisations. To the extent, the co-operatives succeed in performing, as organisations, these would have created minimum conditions for the development of human resources within their boundaries.

Since the co-operative sector is an aggregate of organisations of varying sizes, varying strengths and weaknesses and with varying cultures and climates, it will be difficult to present an integrated view point for development of human resources, except perhaps, in a most general manner.

Conceptually the development of human resources in the context of co-operative sector should be focused on the following general issues :

- development of man is central to the success of the co-operative sector;
- competence of man has to be wide-spread throughout the co-operative sector, and
- the true development of man will take place only when it manifests its positive impact on the quality of life of the community being served by the co-operative.

For evolving a strategy and an operational framework for human resources development in the future, a look on a possible future scenario of co-operative management processes is necessary. Table I gives such a scenarios, as indeed some key parameters involved in the management of co-operatives.

**Table 1: Present and Futuristic Scenarios of
Co-operative Management Processes**

Parameters	Present	Future
Values	<ul style="list-style-type: none"> - Promotion of members' interests exclusively - Centralised controls - Rigidity and inflexibility 	<ul style="list-style-type: none"> - Increasing accountability for results to various segments of society - Increasing concern for man - Leading to more autonomy at the work-place - Self-control - Peer culture and inter-dependence
Nature of Activity	<ul style="list-style-type: none"> - Input supplies - Agricultural marketing & processing - Limited focus on rural industries - Restricted foray in rural housing - Marginal retail distribution 	<ul style="list-style-type: none"> - Rural development through encouragement of joint farming, transfer of technology and rural industrialisation, and mobilisation of rural masses to enable them to meaningfully interact with external delivery systems. - Improvement of quality of life through low-cost housing, medical care and distribution of essential necessities of life, and pollution control. - Preservation of non-renewable resources and exploitation of cheap, clean, renewable resources.
Focus	<ul style="list-style-type: none"> - Higher returns to members - Implementation of government plans and policies - Achieving effectiveness as instrument of change. 	<ul style="list-style-type: none"> - Securing social justice - Providing community services

Structural Relationship	- Loose, almost tenuous	- Highly integrated structure with one unified decision making authority for the entire system, but enjoying legitimacy and democratic sanctions.
Decision making Processes	- Centralised, mostly intuitive	- Highly participative, information-computer-based, reflecting a concern for the values listed above.
Major Concerns	- Selective promotion of interest of those endowed with some resources	- Securing social justice for all and alleviating poverty

The above scenarios provide useful clues as to what should be the objectives, strategy and steps in human resources development in the future.

Objectives

The objectives of human resource development should be that people-members, workers and managers, and leaders - at all levels and in all co-operatives, develop relevant competencies, realize their full potential and contribute optimally, on a continuing basis, to the development of sound, participatory co-operative movement.

Strategy

The basic strategy to achieve this objective should be to de-formalize organisational structure of co-operatives, introduce devices and processes that encourage peoples' participation, ensure a close fit between man and his organisational role, and then create appropriate conditions to enable these self-propelled members, workers and managers and leaders to perform.

Essential Steps

The following five basic steps should help in implementing such a strategy.

- a) effective organising of tasks

- b) right selection of people
- c) systematic performance appraisal
- d) continuous training and education
- e) rational allocation of people to productive work

Let us discuss each one of the above steps in some details.

Organising the pivotal task

Organising involves the establishment of an internal structure of roles through determination of the activities required to achieve the goal of an enterprise as a whole, and each part of it, the grouping of these activities under a manager, the delegation of authority to him to carry them out and provision for co-ordination of authority and informational structure.⁶ Quite obviously the new tasks and the new values projected for the futuristic management processes for co-operatives must be incorporated with new designs of organisation structures of co-operatives.

There are several other implications of this concept of organising. First, there should be well defined roles or positions or jobs in the co-operative organisation. For an organisational role to exist and to be meaningful to people, it must incorporate :

- a) Verifiable objectives,
- b) Clear concept of the major duties or activities involved,
- c) An understood area of discretion, or authority, so that persons filling it knows what he can do to accomplish result.

In addition, to make the role operational, provision should be made for needed information, resources, and other tools necessary for performance.

Thus, for evolving effective organisational structure for co-operatives, firstly new values, new concerns, and necessary tasks must be incorporated in the roles, so that everyone knows, who is to do what, and who is responsible for what result, and also to remove obstacle to performance caused by confusion and uncertainty of assignment. (7) Secondly, the authority should be widespread and delegated. The primary purpose of delegation here is to make co-operatives decentralized. The process of delegation here implies determination of results expected, and the assignment of tasks and delegation of authority for accomplishing these tasks, to lower levels. Thirdly, the organisational structure should be flexible and adaptive to the needs, and urges of people. Rather than insisting on people to adjust to the structure, it should adapt itself in response to the needs of the people. Fourthly, organisational structure should not

displace the goals, for which it has been originally created, by its own or other extraneous goals.

In order to facilitate the process of resources development, co-operatives will have to incorporate all the above essential attributes of a modern organisation. To the extent, they do so, the process of human resources development will become easier.

Selection - the critical decision

The outcome of organising, is the organisational structure-a net work of roles and positions created to achieve certain specific objectives and perform specific tasks.

It however, does not become operational, unless the next managerial function, viz. staffing is performed. The roles and positions created in a structure have to be manned by people, who can match the roles and positions and have the ability, the desire and the supportive facility to perform tasks inherent in a role or position, and achieve the task objective effectively. Selection of people, is the first step in staffing an organisational structure.

Basic selection model

The basic selection model requires the identification of the following essential steps, viz. job description, identification of performance criteria variables, identification of predictor variables and appropriate selection techniques.

The most important aspects of any selection model is the description of the various components of the job through job analysis. From job description will flow the indicators of performance (criteria) for evaluating success on the job, or what has come to be called as identification of criteria variables. This is then followed by identification of predictor variables.⁸

Predictor variables refer to selection of tools and techniques that can predict successful performance on the job. Several methods have been developed to establish closer correlation between the predictor and the criterion. In practice, there can be multiple predictor variables, predicting different performance potential of a candidate, being considered for selection to occupy a job or position.

Again to develop human resources, co-operatives will have to introduce drastic changes focused on selection methods and basis, and bring these in tune with the model explained above.

In a way, selection holds the key to the success of a co-operative's ability to convert people into resources and make itself a performing organisation.

Performance appraisal - the investment in development

The third essential steps for the development of human resources in the co-operative sector should be the introduction of a rational, objective standard based performance appraisal system. Performance appraisal here refers to the systematic and objective way of judging the relative worth of the ability of an employee in performing his tasks.

Three approaches are generally followed for performance appraisal:⁹

- a) a causal, unsystematic, often haphazard approach
- b) the traditional and highly systematic measurement of i) employees characteristics, ii) employees contribution, and iii) both
- c) behavioural approach emphasizing mutual goal setting and self appraisal. Here the emphasis is on achievement than on personality, that is, what a man does, than what he is.

While the first approach hardly helps either in judging the ability of the man or in developing his potential, the second more often than not merely provides an opportunity to the supervisor to play God to his subordinates. Neither of these are conducive to the development of human resources in a modern organisation. Only the last approach holds potential for the real development of people. The underlying philosophy in this approach is that there should be mutual goal setting- goals which are specific, quantifiable and attainable - by an employee himself and his supervisor, on the basis of job description; trust and confidence on the part of supervisor in the ability of the employee to achieve these goals; and self appraisal by the concerned employee in relation to specific goals that he himself has earlier agreed to achieve. Deviation in performance from goals is sorted out by the supervisor, following the problem solving approach, in an interview meeting with the employee. He is helped to improve his performance through training, counseling and wherever necessary even adapting the work and organisational situation to suit needs of an employee.

This approach towards performance appraisal becomes immensely easy within the management framework and philosophy known as management by objectives.

Co-operatives will have to give up their existing, hackneyed system of trait and personality oriented, highly subjective, personal - loyalty - breed-

ing annual confidential report writing system, in favour of this modern performance appraisal system based on mutual goal setting and self appraisal. Only when co-operatives introduce such a system, will they be able to create opportunities for development of people into resources.

Training and education - a continuous process

The co-operative form of organisation, its orientation, moorings and style of working are so characteristically different from the other traditional organisations in developing countries that the problem of mobilisation of human resources with matching qualities becomes truly acute. But the whole process of massive mobilisation of human resources might just as well prove of no avail, if each individual is not sufficiently and properly trained to perform his specific task on the shop floor, in the office, on the executive leader or wherever the co-operative have an employee to work.¹⁰

The need for proper training and development of personnel has to be viewed against the perspective of operating a well integrated co-operative sector in economies; dominated either by foreign multinational corporations or traditional small scale enterprises. The entire strategy for developing the co-operatives sector may completely fail, if it does not train and develop thousands of persons that are needed to run it. The success of the sector, in a way, is intractably linked to the speed and efficiency with which facilities are created for providing this essential input. Such is the criticality of training and education.

Objectives of training and development of human resources

The objectives of training should be to impart such knowledge, develop such attitude, cultivate such skills as may help a trainee to improve his performance on the job, and thereby help contribute to increasing the profitability, productivity and relevance of cooperatives.

Strategy

The strategy to achieve the above aim will be to create facilities--formal and informal--that provide training which is job oriented, organisation specific and of immediate relevance to a trainee. Training will be a continuous process. Each employee working in the co-operative sector shall, therefore, be exposed to a series of interlinked training/management development programmes, spread over the full span of his career.

Some over-riding considerations in training and development

a. Training as an Instrument of Career Planning

To concertise the distinct personnel philosophy that characterizes co-operatives and to develop human resources in an altogether new field, training will have to be viewed both as an instrument of career planning as well as an opportunity to improve skills, abilities and knowledge among the people, that are relevant to the jobs occupied by them.

To meet this aim, it will be necessary that the co-operatives adopt what has come to be known, as step-by-step approach towards employee training and bank upon their own efforts to develop the managerial personnel from within rather than seek outside sources, every time a vacancy occurs or a new position is created within the co-operative sector.

The underlying idea in suggesting this approach is to ensure that training at each step should open up fresh opportunities for a trainee, even as it makes him more efficient, more skilled and more productive at the present job. Training has to be seen by a trainee as an opportunity for personnel growth and by the leadership as an instrument of development of the total co-operative system.

b. Training as a Continuous Process

If the step-by-step approach is to be operationalised, training of personnel will have to become a continuous process. Every employee must receive relevant job oriented training before occupying a particular position. Once he is there, he must have opportunities to receive training that enables him to grasp his job in its total width and depth.

c. Training to be of Immediate Relevance

To be helpful in developing human resources, training has to be of immediate relevance.

Keeping this cardinal requirement in view, co-operatives will have to opt for designs that are relevant to the needs of different target groups, so as to ensure that training that is given proves to be of immediate relevance to them on their respective jobs. Identification of training needs, laying down specific training objectives and selection of trainees will have to be given utmost importance.

The underlying idea in making this suggestion is to ensure that training is viewed as an instrument of development of the co-operative

sector, both by the managers and the state. The commitment of the latter is essential, for, it may have to step in to subsidise training at least, in the initial stages.

d. Emphasis on Non-Formal, Non-Institutional Training

It is likely that almost 90 percent of the personnel working within the co-operative sector occupy junior positions whose training needs may be very limited; a few technical skills and some working knowledge or information about co-operatives. There can be a host of difficulties in sparing many of these operational personnel for institutional training, which in any case, may not be necessary for most of them. It may not also be possible for all co-operatives to create appropriate institutional facilities to cope up with the tremendous task of giving formal training to so large a number. It will, therefore, be more useful to experiment with non-formal and non-institutional training, especially for the personnel at junior levels. The non-formal and non-institutional training may include on-the-job training, correspondence courses, Sunday schools, study circles, and use of mobile trainers. Short and intensive institutional training may be arranged periodically for brushing up the knowledge and the skills imbibed through such non-formal training.

Choosing an appropriate training technology

Training, especially management training has become very complex. Meticulously designed training programmes, linked to training needs of a group of participants is no longer a guarantee that participants exposed to such a programme will emerge as better executives. Equally important to the design of a training programme and its focus is the choice of an appropriate training technology, i.e. the training techniques and training material used, the background of the trainers, the institutional framework within which the training is conducted and the physical facilities available for the purpose. Co-operatives will have to give consideration to all such factors.

Allocation of people - the essence of management

Historically the employees have occupied an elevated position in the co-operatives. Operating and managing a multi-dimensional co-operative sector certainly requires a core of workers, supervisors and managers who display a different outlook, embody different values and share common objectives, among themselves. To groom such a band of personnel and then allocate them to jobs, where they can be productive, should be one

of the primary tasks, before the democratic and executive management of the co-operatives. The first step towards achieving this aim, will be to evolve a distinct personnel philosophy. The component of such a philosophy should be : ¹¹

- a. to treat the employees as partners along with the members;
- b. to help employees achieve self-actualisation and thereby help release their creative energy for the success of the co-operative system;
- c. to create facilities for continuous growth, development and training for employees;
- d. to ensure adequate working conditions and maximum participation in management and decision making; and
- e. to provide institutional safeguards for redressal of grievances and conflict resolutions.

The whole gamut of personnel management practices in fields like recruitment, promotion, compensation, training and development, motivation, welfare and industrial relations should be informed by this philosophy.

To give concrete shape to some of the descriptive aspects of the above philosophy, a cooperative will have to evolve certain safeguards. This becomes essential especially, when cooperatives, in the country so often come under pressure from the state bureaucracy and vested interests to compromise, resulting thereby, in the dilution of their vary objectives.

Participative management style

The first step that has to be taken to allocate people to positions where they can be productive, will be to evolve and operationalise participative style of management - a style which is characterised by openness, trust, mutual goal getting, free flow of communication, peer evaluation, and self appraisal replacing the hither-to highly centralized, at times, feudal, management style. Cooperatives will have to be run in a more participative manner. This will imply that people at all levels will have increasing opportunities to participate especially in those decisions which affect their respective jobs. It will also imply that cooperatives will set and seek high performance goals. ¹²

Concern for the people

The second important step that will have to be taken to convert

people into resources relates to the management concern for the people at different levels and placed in different situations. Cooperative management must reflect deep concern for employees, while designing and operating systems in areas like controls, rewards, training and development, and welfare and grievances redressal. To the extent, cooperatives show a concern for the people and are conscious of their needs and aspirations, they will have created conditions for developing human resources within their boundaries.

Organising for human resources development

Central planning for HRD

If the cooperative structure has to function effectively and efficiently and if the relationship between the apex and affiliated units are to mature on healthy lines, two other steps for the development of human resources become inevitable : central planning for HRD and mobility of personnel within the cooperative sector.

Changes in technologies environments and social relations all throw challenges on organisations and compel them to innovate, to improve and to change. New demands are, therefore, to be met, new tasks are to be performed and new skills are to be used by the personnel. All these things require careful planning of human resources so that each cooperative has at its command the type of expertise that may be needed at any given point of time to meet the challenges of time and place. Quite obviously the Apex Organisations will have to carry necessary exercises in human resources planning. These will have to identify the types of personnel that will be needed in the future and also lay down the mechanism in detail to develop such personnel.

Encouraging mobility within the sector

One way to bring about closer integration between different tiers within a branch of cooperative structure is to encourage mobility of the personnel within the structure. Mobility shall imply: senior personnel, especially those occupying key positions within an apex organisation, have better appreciation of the operations at lower level (for they themselves would have worked at that level), more opportunities for promotion, especially to those occupying lower positions, effective utilisation of manpower, and possibilities of filling up positions with the right persons. Mobility shall also obviate the need to create staff cadres - the focal point in the strategy of personnel management in many third world countries today. ¹³

Conclusion

An attempt has been made here to discuss an integrated strategy for developing human resources in cooperatives. It has been argued that people become resources only when they are organised, trained and allocated to productive work. With a view to turning people into resources, cooperatives will have to first become performing organisations, working to achieve specific goals within a fixed time frame. To the extent cooperative convert themselves into performing organisations, minimum conditions would have been created to develop human resources. For developing human resources, it is suggested that the following five essential steps may be initiated, keeping in view the recent trends and research findings in relevant disciplines: effective organising, objective selection of people, rational performance appraisal system, training on a continuous basis, and careful allocation of people to productive work. It has also been argued that ultimately the ability of a cooperative to develop human resources depends, on the extent, to which it evolves a participative style of management and displays heightened concern for the people.

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CHAPTER XXII

Measuring Performance of Cooperatives

Evolving of an objective, rational and valid mechanism to evaluate performance of an organisation--purely economic or socio-economic, and its field-level impact, becomes absolutely necessary in a developing economy, if for no other reason than to ensure realization of broad objectives and optimum utilisation of resources in the task of nation building.

The obvious importance of such an exercise, however does not imply that it is a simple or an easy task. Far from that, especially when the organizational objectives are multiple and embrace both economic and social aspects. Basically, two basic issues are involved in evolving a rational, valid and objective mechanism for evaluating; what instrument should be applied and what attributes should be evaluated. The first aspect presents formidable problem in that it calls for exercising value judgment, and thereby fashioning of a yardstick to measure. The second aspect seeks to identify those core characteristics or the qualities or the segments of the aims of the organization, that need to be measured and evaluated.

In a private, Western oriented profit seeking organization, these issues have been sorted out by adopting the scales of a profit oriented organisation; profit, return on capital, cost of production, and other elements of cost; the attributes are output, growth, market share, sales, production etc., relative to various inputs or as independent end results. But these are all limited concepts. They seek to relate and evaluate the input-output relationship, and costs, in terms of cash expenditure and commitment of internal resources. Moreover these concepts are based on traditional values of rationality, efficiency and profit maximization at the unit level.

A co-operative unit, on the other hand, is a self-denying institution. Its greatest achievements lies in reaching benefits to others - its members and the community at large, rather than in its own growth, surplus or efficiency per se. Added to this is its well articulated concern, for social purpose, commitment to uphold democratic traditions, its aim to promote a cause, and bring about a social and economic change. All these make the conventional tools and measures employed to gauge the performance of profit seeking units, of somewhat limited relevance.

Aims system of co-operatives

Let us at this stage, pin-point our attention on the aims system of a co-operative. Aims system of a co-operative can be viewed in terms of targets (larger goals) and operating objectives (results of an activity/operation), the latter being a means to attain the former. Now, in most developing countries, these targets and operating objectives are not independent variables, they are not determined and given to the co-operatives by any one particular agency or a group. Rather these are determined by co-operative members, the dominant elite (representing the dominant sections of the community i.e. leadership) and the government, particularly the ruling political party. In a way, a co-operative functions and operates within the constraints of micro policy formulated locally by members and co-operative leadership, and macro policy formulated by the government to attain the targets and operating objectives.

At times, the operating objectives as determined by the members and the leadership and the government are counter to each other. They compel the co-operatives to work at cross-purposes. Take for instance, the case of a sugar co-operative. One of the operating objectives of a sugar co-operative as conceived by its members and the leaders, is to fetch a higher price for the cane for the members, But the government may not exactly perceive its role in the same manner. It may rather expect a sugar co-operative to sub-serve its own political, or even administrative objectives and, therefore, may insist on the sugar co-operative, to function as a "socially" informed organization, which as a matter of deliberate policy, should aim at to keep the sugar price to the minimum for the ultimate consumer. Thus one may encounter a certain amount of dualism in the targets and operating objectives, in the aims system of a co-operative. This not only makes the task of measuring the performance of the co-operatives almost impossible, but also results in sub-optimum utilization of available resources. For giving optimum performance, some

amount of homogeneity in targets and operational objectives is inevitable.

The openness of co-operatives as a system, however makes this task extremely difficult. For, their survival and growth is dependent, in no small measures, upon the linkages that these organisations establish with the outside environments, more particularly with the government and the dominant elite, especially when these perceive a different sort of role for co-operatives.

Activity mix of co-operatives

Whatever may be the degree and extent of dualism in the aims system of a co-operative, and irrespective of the quality of linkages that a co-operative succeeds in establishing with outside environments, it has two basic functions to perform; and its achievement, resulting from the performance of these functions, alone should truly reflect the measure of its effectiveness and efficiency. These two basic functions are economic efficiency and social development. Since these functions will have different connotations, at varying stages of co-operative development, a detailed explanation on these aspects will be in order here.

Stages of co-operative development

1. *Traditional Model:* Here the co-operative organisation conforms more or less to the Rochdale Pioneers model of a co-operative, where members look up to a co-operative as a protector of their interest. The economy of the members is not really integrated with that of the co-operative. The latter functions as an executive organ of the community of members as represented by the general body. The effectiveness of a co-operative, though influences the economy of individual member, yet it (co-operative organisation) does not determine or decisively affect the economy of the members. A rural consumer co-operative store, functioning as a fair price shop falls in this category. Naturally, the efficiency measure or purpose of the co-operative unit at this stage of co-operative development will be different than the one explained below.

2. *Integrated Model :* In this model of co-operative development, the economy of the member is almost totally integrated with the economy of the co-operative. The efficiency of a co-operative is decisive in determining the member's economy. Here, the co-operative is an extension of the common activities of the members, To that extent these directly contribute to the increased profitability and effectiveness of the opera-

tions and activities conducted by the members. The co-operative does not only protect but also promotes the interest of the members. The sugar co-operatives in Maharashtra or the dairy co-operatives in Gujarat are some of the outstanding examples of this integrated model of co-operative development in India.

Here the measure of efficiency, or performance of a co-operative will be different and will have to reckon not only with the efficiency of the co-operative organisation, but also the resultant impact that it has on the operations and activities of the members.

3. *Quasi-Market Model*: This is a fairly advanced model to be commonly found in Western European countries. Here a co-operative is apparently no different than any other private organisation in so far as the member's economy is concerned. A co-operative generally acts as a countervailing force, against the wiles and tricks of the powerful private interest. The co-operative treats members and non-members alike in economic matters and passes on no additional economic benefit to the members, but merely provides an alternative to the existing private agencies. Most of the large co-operative department stores, and even the two giant fertilizer co-operatives, IFFCO and KRIBHCO, in India, fall in this category. Here the measure of efficiency, or performance may have to be more or less the same as are generally applied, by any large private sector organisation.

Thus we see that the measure of efficiency or performance of a co-operative is directly linked to the stage of co-operative development and the model that we envisage for its activities.

We have only touched the economic activities, and stages of economic development and the likely nature of the criteria appropriate to the measurement of performance of a co-operative unit. The social development activities of the co-operative however add another dimension to the problem of evolving appropriate measure relevant to our targets and objectives. Take, for instance, the case of a dairy co-operative. It helps its members to switch over to better breeds of cattle, to improved methods of cattle management and to use of balanced, or, by-pass protein cattle-feed to improve the milk yield, and consequently the economy of the member. It is expected to set, in motion process of modernisation in attitudes and outlook. A new value system conducive to change and development may also emerge. Democratic aspirations may take firm roots. A feeling of self-reliance and mutual help may replace the hitherto sense of dependence and fierce individualism. All these are priceless attributes; but how does one measure the performance of a co-

operative in such areas especially when after giving a commendable performance viz-a-viz membership, in such areas, it may itself be in loss. The question of evolving suitable measures of efficiency and performance will involve an examination of a host of complex issues and not merely the simple task of comparing the output with the given input, or in relation to commitment of resources or costs.

Concept of profitability and co-operatives

Profitability as a measure of efficiency is seldom employed to a co-operative enterprise. For, the corporate-member (i.e. shareholder) relationship, in a co-operative, transcends the usual linkages of a shareholder with a private sector enterprise. A co-operative is not only an enterprise, but also an association of human beings. Its efficiency or extent of its success is usually measured as much in terms of its rate of growth, residual surplus and market share, as in maximisation or returns for its members in proportion to his business with it, social good that it generally promotes within the community around, and services that it renders. To the extent profitability reflects, in a book-keeper's language, surplus of income over cost, then the valuation of social good in monetary terms, combined with the additional return to the members and the residual surplus left with the co-operative, should be deemed as an index of its profitability. Conceptually, thus, profitability in a co-operative should essentially imply combined profitability of the enterprise and the user-members of its services. Looking merely at the profitability of a co-operative organisation will be as much a betrayal of understanding of the co-operative philosophy, as is it is a failure to evaluate its real efficiency or lack of it. In the co-operative sector, profitability of the enterprise is inseparable from that of the user-members of its services. Taken together, alone can it have a meaning, in this context.

Traditionally the profit policy of the co-operatives has been not to have any profit. The insistence so far has been that all costs of operations should be borne by the user-members, in proportion to their dealings with the co-operative, and no surplus should be created or accumulated. It is only recently and in the wake of growing competition, increasing size, mounting requirements of capital and the imperatives of growth and expansion that the co-operative leadership has reluctantly reconciled to the need to generate and retain adequate residual surpluses. Otherwise, in principle, all residual surplus after meeting the costs and other requirements, must of necessity, go back to the members in proportion to their business.

Obviously the profitability of a co-operative organisation as an index of its efficiency has severe limitation and can hardly reflect the real position of the co-operative performance.

Apparently, efficiency in the context of a co-operative organisation is a highly localised concept. It is related, to the macro as well as micro policies for and of the concerned co-operative, the stage of co-operative development, and the type of objectives that are mutually agreed for it for accomplishment. There may not be any general efficiency indices or blanket ratios that can readily convey the real performance or efficiency, of a co-operative organisation. The usual norms of efficiency, for measurement of performance, and based on alien values and concepts, or those which are conventionally applied to the working or a private profit seeking organisation, can hardly be applied here. These neither cover the entire gamut of activities of a co-operative, nor do they reckon with the multiplicity of objectives as perceived by the government, and members, nor indeed the very purpose of organising the co-operatives.

Several issues have been raised here; some of which need closest attention of those who constantly harp upon improving the efficiency of the co-operatives, without ever caring to define the basis and norms of its measurement. One approach to measuring performance of a co-operative can be, to consider it both as a economic enterprise, and a social institution. The weightage to be assigned to these two equally vital aspects, can be locally worked out, keeping in view the environmental variables.

Measuring performance of co-operative as an economic enterprise

As discussed earlier, the performance of a co-operative as an economic enterprise needs to be measured at the members level, as indeed, at the organisational level itself.

The key performance areas thus can broadly be identified as under. These are illustrative and not exhaustive.

At Membership Level

- rate of growth in net income
- rate of growth in production/output
- rate of growth in productivity
- development/maintenance of infrastructure
- development and maintenance of community services

- access of different sections of membership to the services of co-operatives
- equity/distributive justice.

At the Co-operative Level

- capacity utilisation
- rate of growth in productivity of capital, labour, other factors
- rate of growth in assets
- return on investment / other financial ratios
- cost of services to members and their quality
- coverage of range of membership needs
- extent of reliance on government / support agencies
- cost cutting efforts / diversification of activities essentially as a means to reducing costs of services to members.

Measuring performance of co-operative as a social institution

Main Characteristics of a Social Institution

The following are the main characteristics of a social institution, as distinct from an economic enterprise:

- an institution is a change inducing and change protecting formal organisation.
- its functions and services are related to society's commonly agreed upon requirements as tested by its adaptability to human needs and values.
- its internal structures embody and protect commonly held norms and values of the society.
- its achievements include influencing the environment in positive ways through values it creates.

Keeping these characteristics in view, the following can be identified as the main objectives of a co-operative as a social institution:

- members' active involvement / participation
- combating exploitation and raising members, incomes
- harmony in relations within the co-operative structure
- openness, commitment to ethics and integrity in business

The key performances areas vis-a-vis the above social objectives, of a co-operative can thus broadly be identified as under :

1. Members' Active Involvement / Participation

- regularity of election
- regularity of meetings of the board / sub-committees
- members contact programmes
- women / youth participation
- flow of information / performance reports to members
- members' education programme and their impact
- responsiveness to members' complaints / grievances
- existence of members' groups / study circles and co-operative's response to their deliberations.
- representation to various sections of membership in decision making bodies
- responsiveness and sensitivity to members' needs and problems.

2. Combating Exploitation and Raising Members Incomes

- timely and regular payments for produce / services
- assistance in improving quality and productivity of produce / services
- extension and member education programmes for all and their impact
- impact of members' contact programmes
- availability of inputs, particularly to weaker and poorer members
- crop/produce/care delivery system and its coverage of weaker members
- assistance in arranging credit for asset building
- membership skill improvement programmes
- frequency of visits by extension staff to members' households and responsiveness to feed-back
- surprise and/or comprehensive inspection, regularity of audit and check on primary co-operatives by the staff of federal co-operative
- composition of membership and rate of its growth
- representation of weaker / poorer members in decision making bodies
- effectiveness of grievances handling mechanism
- investment in community development work and its impact on different sections of the community

- yield / productivity variations among members' economies and steps initiated to reduce such variations.
- leadership development programme and opportunities for weaker sections in participation in such programmes.

3. Harmony in Relations Within the Co-operative Structure

- extent of decentralisation in favour of primaries
- regularity of elections
- free flow of information
- unbiased ruling in case of differences / disputes among co-operatives within the vertical structure.
- responsiveness of grievances handling mechanism
- institutional mechanism for blending imperatives of democratic control with managerial efficiency
- regularity of audit and inspection of primaries by federal co-operative and listing reasons for sub-optimum performance and follow-up action
- respect for the representatives of member-primaries
- support to democratic functioning at all levels
- frequency of meetings to sort out infra-structural problems
- confidence in higher level co-operatives among the base level co-operatives
- feeling of mutuality and inter-dependence among all concerned.

4. Openness, Commitment to Ethics and Integrity in Business

- preparation of comprehensive future plans and their presentation for discussions and approval in sub-committee/board/general body meetings.
- regular social audit, follow-up action thereof, and their presentation in the general body meetings.
- timely financial audit and its compliance
- evolution and circulation of a code of ethics for leadership, staff and members and then monitoring of its observance.
- openness in dealings and business transactions
- freedom of access to members to records/documents of the co-operative
- observance of all laws, rules and regulations in letter as well as in spirit

- blending of economic imperatives with social obligations
- general image of the co-operative within the community.

These are some of the key performance areas which need to be reviewed, at periodic intervals, if only to keep a co-operative committed to its basic values and responsive to the social and economic urges within the community.

Performance at the macro level

In addition to the above areas for measuring performance at the micro level, performance of co-operatives must also be measured at the macro level, either of a branch of the movement, or of movement as a whole.

A few areas, where such macro level measurement of performance needs to be done are :

- innovation
- quality of services
- social and cultural development
- environment protection and quality of life

Innovation

Innovation here should be seen in the classical sense : development / production of new products / services, or production of existing products / services in a new way. The development and progress of a modern society critically depends on innovation. Co-operatives must therefore, play their historical role, and encourage and support innovation in areas, particularly which contribute to the welfare and well-being of the people at large.

This criterion of innovation should also apply even to range and nature of activities / services offered by co-operatives.

Quality of services

Responsiveness to the society at large, particularly while providing services, and the quality of such services, is yet another area where co-operatives must come up to high and exacting standards. Shoddy services and indifferent staff behaviour should not typify the performance of co-operatives in the public mind.

Social and cultural development

To the extent, co-operative movement contributes to the social and cultural renaissance, it performs its expected historical role. Support to revival of traditional arts, development of sports, setting up health care delivery systems, particularly for the aged and encouragement to education, particularly of women, are all areas of utmost importance to the society. Mature co-operatives are expected to perform and contribute in these areas as well.

Environment protection and quality of life

And finally, there is the problem that must engage the attention of all people in the future namely, preservation of ecology, environment protection and improving the quality of life. Undoubtedly, these areas are going to be of direst concern to the society. Co-operatives as a movement must respond to the challenges posed by the deterioration of environment, and quality of life, and appropriately respond both in deeds as well as through members' consciousness raising efforts, so that the planet earth continues to remain a livable place.

These are then, some of the dimensions of the issues involved in measuring the performance of cooperatives particularly in a developing country.

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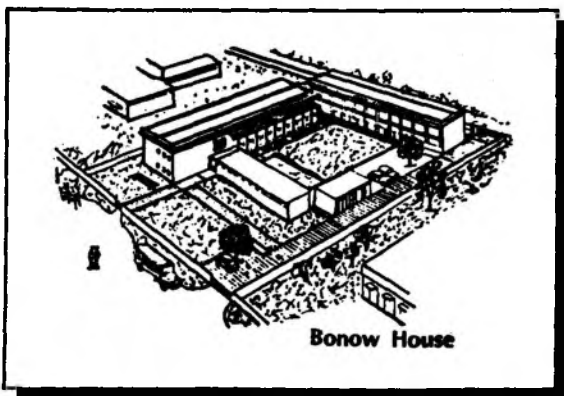
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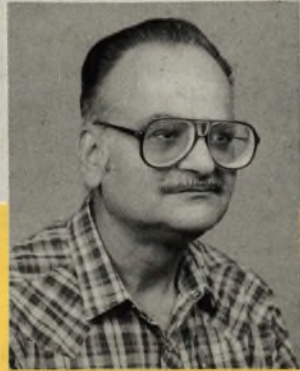
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