

## CHAPTER 4

### CO-OPERATIVE SOCIETIES

“As for me I am a co-operative, but in the economic structure of India, cooperation is not even a free choice, it is a necessity”.

Jawahar Lal Nehru

The role of co-operatives in the area development is recognized the world over. It is not possible for any governmental or semi-governmental, agencies to reach millions of rural families living in far flung villages. It is therefore obvious that some other agencies have to work in groups for imparting them the knowledge of new methods and latest techniques of agriculture, the credits, subsidies and bounties time to time declared by the respective gubernatorial agencies. Through the various co-operative societies and sub societies, formed in the rural areas, this task has become quite easy.

“Co-operatives represent the institutions incorporating the principle of mutual aid. They have the merit of combining opportunities for the small man with the benefits of large scale management and organization. Co-operatives are, therefore, eminently suitable to bring the desired socio-economic changes in the rural situation” (D. R. Gadgil, 1989).

Co-operative emphasizes the idea of a voluntary association of individuals for the achievement of a common goal. It stands for the principle of “All for each and each for all”. (Gadhi M. K. ). objectives of the cooperation are to extend all possible support to all sections of the rural society in order to make them gain the material advantages enjoyed hitherto mostly by the wealthy and resourceful persons, and thereby develop their innate abilities to enjoy benefits out of the given resources

In Karjan the cooperative movement started in the year 1934, but its progress was quite sluggish till the inception of Gujarat as a linguistic state on May 1 1960. there after it was motivated and given a boost by the then government. However at the base year a significant number of 156 different cooperative societies had been existing and functioning. By the second point of time another 33 came up making the total 189. with the increase in population the necessity of the cooperative societies was increasingly felt to encompass the extended areas and their people more essentially the poor, small and marginal farmers and agricultural labourers.

To visualize the effect of various societies on rural folk they are clubbed in the following categories,

(4.1) Commercial Co-operative Societies

(4.2.) Milk co-operative Societies

(4.3.) Farmers Service Societies

#### **4.1. Commercial Co-Operative Societies**

There is a three tier system for disbursement of credits in the rural areas. The state co-operative bank is at the apex of this structure. It institutes the central co-operative bank at least one in each district. Then there are villages level primary cooperative societies which disburse credits impart training and help in marketing of the produce of the members. These societies arrange the funds not only from the central cooperative banks, but even from the NABARD also.

One of the salient features of these co-operative societies is that they have saved the farmers from the clutches of the indigenous bankers who have been exploiting and squeezing them.

Karjan taluka had the credit of having as many as 94 commercial co-operative societies at the base year for various objectives particularly pertaining to farming and farmers. By the second point of time their number reached to 112. Following are the sub categories of the commercial societies.

- Housing Cooperative Societies
- Industrial cooperative societies.
- Agricultural cooperative societies.
- Agricultural marketing cooperative societies.

### Housing Cooperative Societies

These societies provide credit facilities to villagers for house building, renovation and repairs. These housing societies would have played a vital role in the settlement development had they been getting required response from the village people. However, they are not totally defunct. The housing loans are disbursed to those who need it for restructuring or building new houses. It is seen that rural housing structure is fast changing from the old mud houses and country tiles to bricks cement, iron roads and even R. C. C. (reinforced cement concrete) building. The amenities in them are also like the urban fashion. In spite of these developments, the role of such societies is found not very impressive. The farmers, usually, manage to build or renovate the house, when needed by their own resources, and take loan only when they find no other alternative.

There were only six housing cooperative societies in the taluka in 1970-71, another two were added making 8 in 1990-91. Their sluggish progress is owing to their less demand. Their region wise distribution is shown in table 4.1.

Table 4 1

#### REGION WISE COMMERCIAL SOCIETIES IN KARJAN TALUKA

Regions	1970-71					1990-91				
	Housing	Industrial	Agricultural	A/Marketing	Total	Housing	Industrial	Agricultural	A/Marketing	Total
I	3	2	26	4	35	4	6	28	7	45
II	1	0	13	2	16	1	2	14	3	20
III	2	2	36	3	43	3	2	37	6	47
Total	6	4	75	9	94	8	10	79	16	112

In 1970-71, region I was served by three housing co-operative societies. They were located at Pingalwada, Kandari and Bodaka. Another one came up at Miyagam by the second point of time. In all four such societies were established but as regards their role, they are for the most rendering less services mainly because of their less demand.

At the first point of time there was only one such co-operative society at Vemar in region II and it remained unaltered at the second point of time also.

In region III were two such societies at the base year located at Saniyad and Alampura, another came up at Kothiya by the second point of time (Figure 4.1). As expected these housing co-operative societies in all the three regions would have altered the housing conditions of these regions, but the survey shows that the situations are altogether different. The role of these cooperative is least worth mentioning in the transformation of rural Karjan.

### **Industrial Cooperative Societies**

The plan to establish industries in rural areas has been launched through the industrial cooperative societies. Credit facilities to the rural entrepreneurs, are mobilized through these societies. This is in view of the plan to provide self employment and alleviate rural poverty and stall migration of rural folk to urban areas. These societies not only arrange credit but also provide technical assistance and training, as well as marketing of their products.

In Karjan rural industrial activity started as far back as the beginning of sixties. The industrial co-operative societies encouraged the

entrepreneurs to establish either small scale industries or financed the rural artisans to improve upon their ancestral activities such as, the black smiths, potters, carpenters etc they were assisted to have respective automotive apparatus form bringing efficiency and better output in their works. some industries like wax, cement pipes, and plastic work were established around the second point of time, for which the loan facilities were provided by these co-operative and also by the co-operative banks located in the respective regions of the taluka

By 1970-71 the industrial co-operative movement in Karjan had made a little headway, even though for this purpose, four industrial co-operative societies were established. By the second point of time six more such co-operatives appeared, to extended financial and technical assistance to the growing small and cottage industries as well as the industries for rural artifacts. Thus in all ten such co-operative societies in the taluka were functioning by that time.

In respect of their regional distribution it is found that region I far exceeds the entire taluka with its two such co-operatives at the base year and four at the next point of time. These co-operatives were placed at the villages Virjai and Kandari and another-ones grew at Karmadi, Miyagam, Navı Jithardi and Gandhara. The basic reason behind the growth of these industrial co-operative societies in region I is that this region is relatively more dynamic than the other two secondly this region has relatively more industrial activities in its environs and it is getting the support of efficient transport facilities by the broad gauge railways national and state highways and a net work of other metlled and all season roads A few ancillary industries of the ones established in the adjoining area and a sizable scale of diamond cutting and polishing

industries. Financial assistance is the key to their smooth running and further growth

The pace of industrialization remained confined to region I for a long time. Region II remained without industries of any account. The small and cottage industries and the artisans had been getting the support directly from the co-operative banks already working in this region, that is why not a single society existed here at the base year. But, however, by the second point of time one industrial co-operative society came into being at village Vemar (Figure 4 1). It extends financial support to the existing cottage industries and the other new industries particularly diamond cutting and polishing started around the second point of time.

Region III had two industrial co-operative societies at the base year. They were lending small sum of loans to the local artisans, whenever demanded by them. Since no industry of any mention came up in this region, no addition in the number of co-operative societies is seen, even at the second point of time. However, the fact can not be denied that these co-operative societies have extended their area of support as the number of artisans including diamond cutting and polishing works has increased over times.

These are need based co-operative societies in order to meet the financial as well as technical requirements of cottage and house hold industries, paving a head in the rural areas of Karjan. Karjan is geographically located on the longitudinally stretched industrial belt from Mehsana in the north and Vapi in the south. Thus the influence of these industries is bound to occur in the rural and agriculturally sound areas of the taluka. It has been envisaged right at the first plan period that agriculture alone can not be sufficient for the

increasing money and material demands of the people be they in urban or rural areas. Thus the supportive functions such as the rural industries and improvement in the existing artifacts have been deemed necessary. As a result according to the need the industries and other activities has been given desired incentive. The co-operative movement in its multifaceted programmes has successfully organized these functions both in urban and rural areas. Thus the industrial co-operative societies, on their part, have shown substantial workman-ship in improving the old fashioned artesan works and also the setting up of a few rural industries. This has generated income from within and have brought an ostensible habitat transformation in rural Karjan. However, the degree of development is undoubtedly varying from region to region of the taluka.

### **Agricultural Co-Operative Societies**

The co-operative movement has brought much desired benefits in almost all rural economic spheres. Agriculture being there most significant rural activity has been given priority in this movement. Before its advent the farmers had been largely depending on indigenous money lenders, and were being squeezed by them. Often for generation they had to remain enslaved by them. Thus the question of any progress or any development did not arise for these poor farmers.

Since the inception of the agricultural co-operative societies several impossibilities have become possible. loan-which was an inevitable phenomenon for the rural agriculturists particularly marginal and small farmers, has become easy in taking and repaying. The use of modern techniques and innovations, and that of the up to date infrastructure in



agriculture has become the order of the day for all the classes of the farmers. the exploitation by the indigenous money lenders is now a matter of history. The farm products are either purchased by the government on a declared price or sold in the open market on the same price or as agreed upon by the sellers and purchasers, but never on loss.

Thus the benefits of agricultural co-operative societies are enjoyed by all member farmers in terms of easy loan processes, easy repayments, subsidies have been reaching to all member farmer. These societies also help in the repayment of, at times, very high electric bills to G. E. B. for the use of power for different agricultural purposes.

Karjan seems to have been well poised to have a large number of agricultural cooperative societies owing to cotton cultivation particularly during the base year and on wards. Thus there had been as many as 75 agricultural co-operative societies in the taluka at that time. Another reason for such a large number of such societies may be the radical change in the cotton cultivation. By seventies the old strains of digvijay cotton was almost totally replaced by the hybrid ones. These are expensive strains need more fertilizers water insecticides, pesticides, etc., thus the funding agencies became a must since already a many as 75 societies were working and covering all 93 villages, there had be no much need to increase them, however, only four such societies came up in 1990-91 Thus in all there were 79 such societies in the taluka. Only 14 villages of small sizes did not have them, as they joined these societies in their neighbouring big villages

Table 4.1, gives the regional distribution of the agricultural co-operative societies in the three edaphic regions of the taluka.

Region I, being more progressive than the other two, had in all 26 such societies, serving 35 villages at the base year. Another two were added to the existing ones by the second point of time. Region II with its fourteen villages, at the base year, had 13 agricultural cooperative societies, with exception to Kīya village. But by the second point of time each village had its own agricultural co-operative society. Thus this region surpassed all others with having 100 percent of these cooperative societies.

Region III with its 44 villages had 36 such societies at the base year while a single was added by the second point of time. Barring Sanapura, Sherpura, Somaj, Arjunpura, Harjipura, Bakapura and Nani-Koral, each village had one such co-operative society. However, these societies extend their help to all 44 villages.

Man usually believes in need based works, such a large number of agricultural co-operative societies, undoubtedly, show their significance in matters of agricultural development of the taluka as a whole. The role of these co-operative in the agricultural of Karjan is visible on various fronts, as there is near self-reliance in irrigation and other requisite infrastructure. The net result is seen in the improvement of agriculture and its per unit output. The farmers are invariably satisfied by the returns of their investments of labour and capital. There have been a visible effect on the habitat transformation. However, other factors have also to be looked through along with the impact of these co-operative societies.

### **Agricultural Marketing Co-Operative Societies**

The agricultural marketing co-operative societies are an essential marketing organization for the rural farming. Before their inception, marketing

of the rural farm products were a great problem. The hard pressed farmers had to dispose off their products just after the harvesting usually at throw away prices, as they had to pay off the debts taken from the various lending agencies. These co-operative have assured the marketing of such products at reasonable prices. In this procedure, of course, the farmers are paid their dues a little late, but at the time of the disbursement of the dues, they get their advantages. These societies have become a dependable source for the marketing of their products and a reasonable measure of, at least, a partial alleviation of the rural poverty.

There are agricultural marketing societies at each taluka level known as “Vyapar Mandal Sahyog Samiti”. They are affiliated to the district level societies (Samitis) and each district level society has affiliation with the state level society. The primary marketing co-operative societies at the village level are the miniature part of the ‘Vyapar Mandals’ and through them they are linked in hierarchical order with the state level Vyapar Mandal. These societies make to give prompt marketing facilities to all types of farm products to all classes of members farmers, when desired by them. The Vyapar Mandals, however, are financially assisted by the state government for their smooth functioning as well as construction of required number of store houses and godowns.

These marketing societies hold greater responsibilities in respects of the cultivation of crops. They give financial assistance initially as the part payment of the assessed total output of the crop at the time of sowing. After the harvesting season they take the entire saleable product, sell it at the current prices and pay off the entire remaining due to the growers. In this way the growers are relaxed from the cumbersome marketing of their output and never remains at loss.

If seen in regional perspective, region I has been leading in all the three with its four such co-operative societies located at Viraj, Kandari, Miyagam and Sandarna at the base year. While three more were opened, by the second point of time at Kanabha, Gandhara and Mangrol making in all seven such societies to facilitate the marketing of the agro-products

Region II being the smallest, both, in area and number of villages had only two such co-operative marketing societies at the base year, one came up at Bharathana by the second point of time. These three societies have been assisting the fourteen villages of the region for the same cause as those doing in region I.

Region III initially had three such societies at Deroli, Sherupur-Timbi and Pura. The increasing need brought three more at Simali, Divi and Rarod by the second point of time. (Table 4.1 and Figure 4.1)

These societies, for the village people, have proved a boon, at least in terms of the marketing of their products, they have saved them from the treachery of the Shylocks of the rural areas and now enjoy the advantages of their labour and capital invested in their farms.

Thus, these societies, have however, brought the economic well being to the farmers community of Karjan taluka and may be taken as a significant factor in their habitat transformation

#### **4.2. Milk Co-Operative Societies**

The cattle census enumeration shows that India has 17 per cent of the total world's cattle and approximately 50 per cent of the total worlds

buffaloes. For a long time in India the animal husbandry, particularly the milk production, had remained in the unorganized sector which hardly served any economic well being to the community. Though as early as 1914 Mr Rieves gave a new vista to this sector of economy by incepting an organized sector for milk collection, processing and distribution at Nadiad in Gujarat. However, it did not make any-appreciable headway but, this would be taken as the first step towards dairy development in the organized sector. The establishment of National Dairy Development Board has revolutionized the milk producing activity in the country. Several large scale dairies and concerning them the milk producers co-operative societies started growing in the length and breadth of the country. It has become an alternative source of regular and daily income for the milk producers both in urban and rural areas. It has paved the way for , improvement in the economic condition of a large section of the rural society including the animal herding semi-nomadic tribes, found in different parts of the country. In Gujarat both sedentaries and nomadic are equally benefited by this movement. The dairies are located in the main cities , in the main land but the milk is collected from the locals as well as the tribals on the peripheral areas. The Rabaris- the semi-nomadic herders of north Gujarat, Kutch and Kathiawad are one of the great beneficiaries of this development. The N. D. D. B has not only concentrated on the development of the dairy industry but on the development of its allied branches also i.e. the improvement in the cattle and live-stock breeding their scientific rearing, scientific insemination etc., this has brought a white revolution in the country so much so, that now India is one of the largest milk producers in the world.

Karjan took the initiative of establishing milk co-operative societies in a few of its villages as early as 1956. since then the co-operative movement went on being accelerated, so much so that it encompassed, barring

a few villages, the entire taluka. Thus the milk production became an organized domestic industry. This is owing to the development of a large scale dairy industry i.e. Amul at Anand and Baroda Dairy at Vadodara.

Table 4.2

DEVELOPMENT OF MILK CO-OPERATIVE SOCIETIES IN KARJAN  
TALUKA AND ITS REGIONS (1970-71 1990-91)

	1970-71			1990-91		
Regions	No of Co op	Milk coll. (lit.)	MilkPrice Rs.	No of co- op	Milk Coll. (lit.)	Milkprice Rs.
I	14	317185	443840	26	1023095	235290
II	2	140525	215350	12	512460	894250
III	13	274480	343100	21	889505	1867705
Taluka	29	732190	1002290	41	2425060	7539805

During the year 1970-71, in all, there had been 29 milk co-operative societies covering all the 93 villages of the taluka. These societies were collecting their share of milk and send to dairy centres. At that time, on the basis of the known data, the milk collection was to the tune of 732190 liters worth Rs. 1002290. Each society, on an average, was collecting around 25247.93 liters of milk worth Rs. 34561.78. By the second point of time milk production went up to 2425060 liters i. e three times in a span of 20 years and its <sup>cost</sup> also increased to Rs. 2.80 from 0.45 per liter making the total outturn to the tune of Rs. 7539805. To share the increased burden of the milk collection a few more co-operative societies came in-to being making the total 59 from former 29. Each society, therefore on an average, was collecting around 59147.80 liters, worth Rs. 124749.90.

The pattern of distribution of these societies is found varying in the regional perspective. Table 4.2 give the distribution of these societies (Figure 4 1). The number of these societies seems to be closely linked, with the respective amounts of milk production in each region.

At the base year region I with 35 villages had only 14 such societies. They collected 31785 litres of milk, worth Rs. 443840. In region II were only 2 in all its 14 villages, collecting 140525 litres of milk for Rs 215350 and in region III were 13 societies in 44 villages, gathering 274480 litres costing Rs. 343100.

An exorbitant increase is notable in both milk production and collection and also the number of societies at the second point of time in each region. In region I the number of societies jumped up from 14 to 26 collecting around 1023095 litres as against 317185 of the former year, with the increased rate the total collection was worth Rs. 2352790. Region II made a rapid headway increasing its number of societies from only 2 to 12 and accordingly increasing the total collection of milk to a much big amount to 512460 litres as against 140525 litres formerly, with its total cost of around Rs 894250. Region III did not lag behind in the race, it also increased its number of societies from 13 to 21 to meet the increased burden of the collection from 274480 litres to 889505 litres for Rs 1867705.

The milk production in all the three regions shows an increasing trend over the two decades of the study period. It has become a fascinating activity assuring a regular daily or weekly income (as agreed upon). This has become a supportive income to that obtained from their fields. Indeed this income has the effect of uplifting the economic status of the different class of

farmers and even non-farmers, enabling them to meet their various domestic social cultural and the farming expenses. The programmes of integrated rural development (I.R D P ) should not be ignored as it has contributed a lot in the upliftment of the economically weaker section on<sup>one</sup> hand and there by has increased the milk production on the other hand This has brought a visible transformation in the domestic as well as socio-economic fronts

#### **4.3. Farmers Service Society**

It is a usual phenomenon that any beneficial scheme launched by the government goes in the favour of the affluent and impressive class of people The co-operative movement in general has , by far, proved this fact. The big farmers have gained more from the various co-operative societies established in rural areas than the marginal and small farmers The all India Rural Debt and Investment Survey 1975-76 reported that 64 percent of the total cultivating class of the rural population is constituted by marginal and small farmer's. From among them a small section of only 23 per cent has been benefited by the stipulated loans disbursed by the respective societies, co-operative banks and other government agencies. The larger part of them remain deprived of such benefits.

Since, the loans for tilling, sowing etc disbursed to the small and marginal farmers, are usually a marginal sum not enough for the cause of their agricultural objective. In view of the grave financial crunch faced by them the government launched another scheme specifically beneficial to such categories of the farmers. This is called "Farmers Service Society". The major thrust of thus society is to attempt to alleviate rural poverty For this cause these societies disburse loans to the unprivileged farmers most of it for the



# KARJAN TALUKA COOPERATIVE SOCIETIES

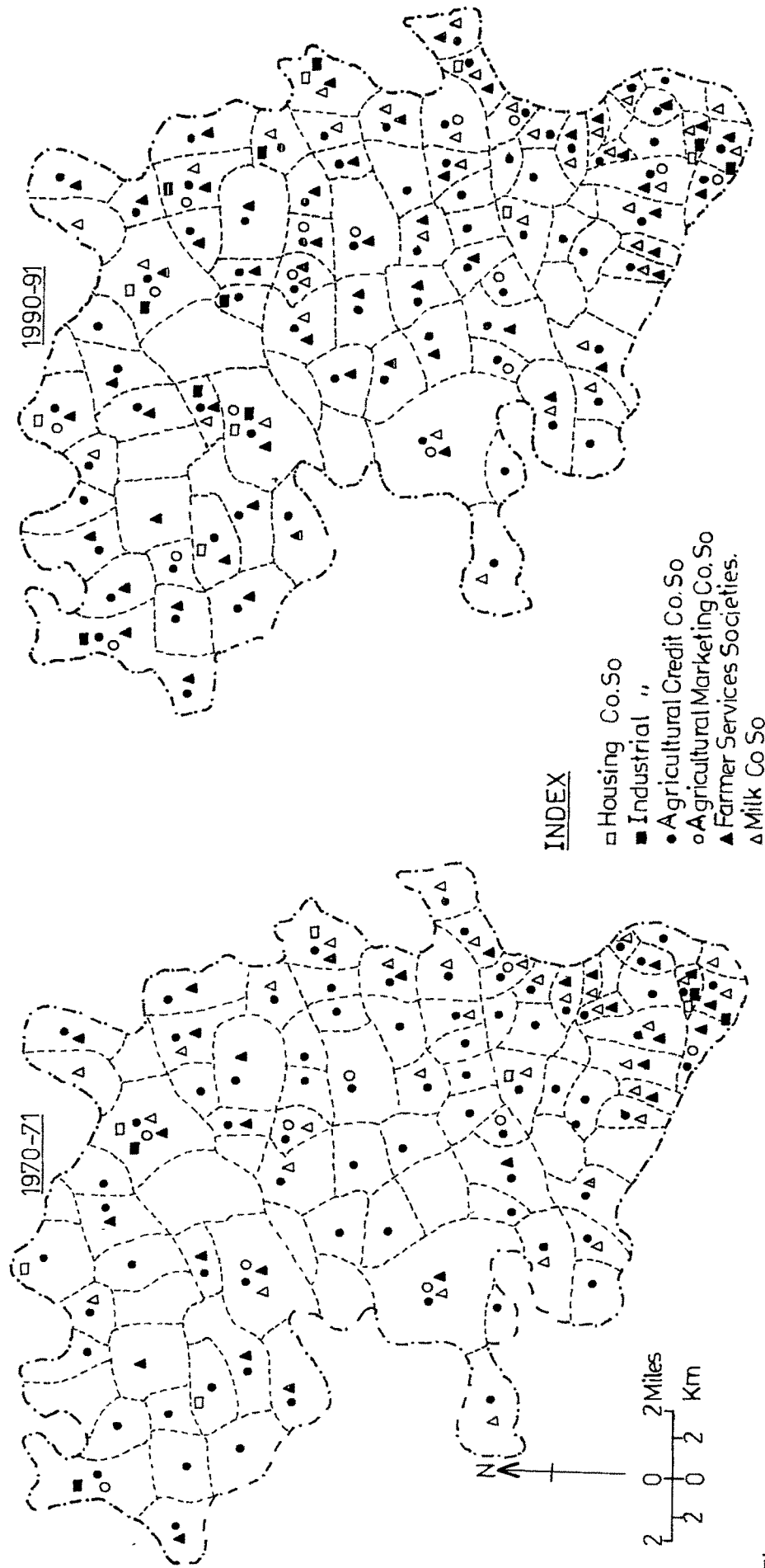


Fig. 4.1

cultivation purposes Improved seeds are generally given free of cost, arrangement of tractors are made for tilling and ploughing their fields, fertilizers on subsidised rates, are provided to them. Even these societies make all arrangement for the marketing of their products. Over and above, at least 25 per cent subsidies are allocated on the loans given to them. Under the circumstance of losses incurred due to unforeseen events, the amount of subsidies goes up to about 50 to 100 per cent. (based on the gravity of situation) The remaining amount of loans are either recovered in easy installment or exacted from the amounts procured out of the sale of their produce

These are need based societies, established in larger or smaller numbers depending on the size and magnitude of needs

In all there were 33 such co-operative societies in Karjan taluka over the first point of time which increased to 36 by 1990-91. It shows that a big number of it was already present catering the needs of the poor farmers. However, to facilitate the working of the working of the former number of these societies in the wake of the ever increasing population and poverty three more societies were instituted

Table 4 3

FARMERS SERVICES SOCIETIES IN KARJAN TALUKA  
(1970-71 & 1990-91)

Regions	Number of FSS	
	1970-71	1990-91
I	7	8
II	4	5
III	22	23
Total	33	36

However, their regional distribution speaks of their purpose of institution. Table 43 gives the distribution of these societies in the three regions. Region I with its 35 villages, and being the area of the relatively affluent farmers, the number of such societies was only seven which went up to eight in two decades. Region II with its only fourteen villages had four such societies at the base year and increased by one at the second point of time. Region III with its largest number of villages (44) seems to have greater need of these societies. These were 22 in 1970-71 and 23 in 1990-91. The number of societies indicates the economic capability of the regions. Region I with 35 villages having seven and later eight such societies shows that the number of poor farmers in this region is comparatively less, that one society served five villages. Region II with 14 villages had four showing that one society served 3.5 villages. Region III with 44 villages had 22 societies showing that each society on an average served two villages. To say that the extent of service areas of these societies is found decreasing from region I to III depending on the increasing intensity of demand of services. The steady decrease from 5 villages in region I to 3.5 in region II and 2 in region III is the obvious evidence. It shows that the number of small and marginal farmers have been increasingly growing from region I to III.

It is therefore expected (if other things being equal) that in the days to come these efforts are going to achieve the goal of the alleviation of poverty particularly from among the small and marginal farmers.