

COOPERATION IN INDIA— RETROSPECT AND PROSPECT

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THIS lecture is the first of a series of discussions on Cooperation that are to follow up in this capital city. Educating citizens of the capital to respond appropriately is very important for obvious reasons. Hence the National Cooperative Union of India has taken upon itself the responsibility of not only education in the formal sense of the word but of stimulating thinking and initiating discussions on vital issues connected with cooperation in India. It is in this context that, I initiate this series. I have chosen "Cooperation in India—Retrospect and Prospect" as the subject of my talk; my intention is to cover in a rapid review the last fifteen years of developments in the field of cooperation; to pose some of the immediate problems facing us as Cooperators; and to suggest lines of future development.

I shall take a very broad view of my subject; I shall not dilate upon individual aspects of cooperative activities or deal with problems in any particular sector; I intend putting before you certain ideas against the background of the objective that the generality of our leaders profess—the creation of a Cooperative Commonwealth in the country. I shall confine myself to the general problem of transformation of society which is implied in setting before ourselves the idea of the Cooperative Commonwealth and to consideration of what sort of foundation has been laid, basis prepared and progress made on this behalf during the last 15—20 years. I consider that modern development in Cooperation began not more than 20 years ago; to be more specific, I would say that they date from the Reports of two committees viz., Agricultural Finance Sub-Committee and the Committee on Cooperative Planning. Both these reports were forward-looking. They looked forward to the post-war world, though they were written during the war. Though not fully seized of the post-independence situation, looking as they did a long time ahead, they naturally made suggestions and put forward thoughts, that were probably more comprehensive than anything that had gone before.

COMMITTEE ON AGRICULTURAL FINANCE

Take first the Committee on Agricultural Finance. The basic contribution made by this Committee is its definite statement that

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no negative approach such as the regulation of money-lenders was going to be of any use in dealing with the vast problem of supplying agricultural credit to the rural population and that the only way out was to develop an alternative agency to the money-lender-trader system. Only a positive approach which sought to create an institutional agency which potentially could take the place of the money-lender-trader system, in every context, in every place in that comprehensive manner, could serve the sort of needs that they visualized as facing State policy in the future. At that time the Committee did not find it possible to commit itself to the statement that cooperatives would serve completely in every place. And I would ask you to recollect why it thought this way. It was because of two quite different reasons. One was, of course, the rather inadequate spread of cooperation over the country as a whole, very uneven, not very effective in many parts or if effective, only in a small measure in some other parts. But another reason, which is important now to remember, was that the Committee then knew that a large number of cooperators in the country did not think that cooperation could or should be made to serve as an instrument of planned effort. At that time there was a strong group of orthodox cooperators in the country who thought that cooperation was so largely a voluntary organization that it could not be an agency or an instrument of planning. And you will find, therefore, that the Committee was obliged to recommend that everywhere the State itself should be the provider of universal finance for creditworthy agriculturists and that this should be done by a Corporation set up by the State. The Committee merely added a rider that in those States in which cooperators thought that they could serve as an instrument in any official policy, they could, if they were willing, so transform their organization as to undertake this responsibility. And where they appeared to be competent enough to undertake this task on a State-wide basis, it should be entrusted to them. This is an important aspect of the Report to remember.

COMMITTEE ON COOPERATIVE PLANNING

The Report of the Committee on Cooperative Planning broke new ground in one or two ways. It adopted an integrated view of cooperation. At least so far as the rural economy was concerned, it took the view that cooperative development must be considered as one pattern. The various aspects of cooperative activity in relation to the agricultural economy in general supported each other and taking a partial view of any one of them was neither sufficient nor desirable in the long run, and therefore, we have to make progress, or attempt to make progress on all fronts. I believe, it was also the first Committee which emphasized the importance of official economic policy for future

development in this regard. I think, it was the first Committee which, for example, took up such questions as stabilization of agricultural prices in relation to the general economy of the cultivator. So it is round about this time that new developments started in cooperation. In other words, it is the Reports of these Committees that first put before the Indian public and the Indian administrators certain views which are now generally accepted; but these were views which were relatively new at that time, and it is from these that we really begin.

STATE AGRICULTURAL CORPORATIONS

Let me trace the history of cooperative development a little further. In one particular context you may say that the broad recommendation relating to State Agricultural Finance Corporations, by the Agricultural Finance Sub-Committee, was generally ignored. But in one State, *viz.*, Bombay the cooperators took it seriously. They considered the setting up of a provincial credit corporation as a serious threat to their activity and passed a resolution in their representative body asking Government to treat the cooperative as the substitute for the provincial credit corporation and expressed their readiness to reorganize their cooperative institutions within that State. A train of events followed. Government itself took their resolution as seriously as the cooperators took the recommendation of the Committee. It was all due to a favourable conjunction of circumstances that all this had happened. As a result in 1948-49 we had the reorganization of the banking and credit system in Bombay on new lines making cooperatives responsible for the supply of all agricultural credit. It is these developments that mark out the post-independence era.

RURAL CREDIT SURVEY REPORT

The next landmark is quite obviously the Report of the Rural Credit Survey by the Committee of Direction appointed by the Reserve Bank of India. This Committee, taking stock of what had happened during the previous 5—10 years, made a series of policy recommendations. The subsequent development was extremely exceptional as also extremely beneficial; exceptional in the sense that the Committee having analyzed basic questions of policy at a certain depth and made recommendations, these were treated by the Government and the monetary authority so seriously that policy was deliberately formed on their basis. It was also a very happy circumstance, that the major part of the responsibility for the implementation of policy evolved on the basis of the Report, was attached not to a governmental

organization but to an authority slightly outside the immediate purview and operations of the Government, namely, the Reserve Bank of India. It was fortunate that the Government after the publication of the Report definitely accepted the recommended policy and pursued it steadfastly without being unnecessarily preoccupied with political cross-currents either in the States or in the Centre.

I am not saying that developments were entirely free from defects. Most of you are familiar with the repercussions of the report on cooperative developments because of the great controversy on the question of large vs. small sized cooperatives. And those who know some of these repercussions realize that it was not all easy sailing. But I am just emphasizing the important fact that the Reserve Bank of India was in charge of a large part of this cooperative programme. The credit programme was by definition, by the earlier definition of the Cooperative Development Committee, and by the larger programme later evolved by the Rural Credit Survey Committee linked with the developments in marketing, processing, industrialization and so forth. Thus a whole programme, veering around credit, gave a solid foundation for action by the Reserve Bank of India, which was thus able to initiate and control developments in cooperation in the rural economy.

RECENT TRENDS

I do not want to go into a larger number of details of the history of cooperative developments during the last 15—20 years. Most of you are familiar with them. A few facts stand out. The Rural Credit Survey Committee estimated that only about 3 per cent of the total rural borrowings were accounted for by the cooperatives. A similar survey conducted by the Reserve Bank of India some years later gave a rough estimate of 10 to 12 per cent. A recent estimate regarding the percentage of cooperative credit has been placed at nearly 20. Moving away from a mere 3 to 4 per cent of something like 20 per cent in 10—12 years is not bad progress. But what is even more important is that in three or four States the percentage of cooperative credit exceeds 35. And where this is so, it assumes a major role in rural economy.

The other developments are not equally well integrated or remarkable if we think in terms of an overall countrywide picture. However, in certain areas, these developments have been very significant. If you take some industries—say the cotton processing industry in South Gujarat, this is almost entirely in the cooperative fold. Or take sugar cooperatives in Maharashtra. By now, well above 55 per cent of the total production of sugar in that State is in the cooperative fold. If

you take some of the dairy developments such as the one near Anand, you will find a similar story of remarkable achievement. Or if you take, say, the plantation crops, you will find a number of districts where cooperatives run by people's efforts—certainly aided by Government but largely dependant on the efforts of local cooperators—have established themselves in such a manner that even certain minor spheres of rural economy are, if I may coin that phrase, completely cooperativized. It is in this context that I want you to consider how in the near future one can secure complete cooperativization of the rural economy. Is it or is it not possible to do so? Are there any insuperable obstacles in the way? Is the ideal of rural economy being completely cooperativized, impractical? These are questions which I suggest we have to ask ourselves and answer. As I said in the beginning, I am not thinking of cooperation as a movement aiming at establishing cooperative forms of organization, I view it as a movement aiming at establishing a cooperative form of society. If that is our aim, its practicability depends on the possibility of all activities in a sector, sphere or area, being completely within the cooperative fold. I consider it quite practical. I consider, for example, that the agricultural credit mechanism should and can be completely within the cooperative fold. Credit mechanism is the most important in the whole of our economic structure—because (a) credit-finance is all-embracing as it is required for every type of activity and (b) unless we break through on the credit front, no progress in establishing a co-operative development plan is possible. Take for instance, processing, marketing or other similar activity; all of these revolve round credit activity which is universal. It is the universality of the credit activity that makes for its close association with the basic unit of cooperation *i.e.*, the primary society. This is a thought I would like to put very strongly before you—namely the universality of the primary unit and the need for basing it on cooperative credit.

If we adopt this view of cooperation as an integrated and mutually supporting set-up with a strong credit base, then marketing, processing or any other activity will automatically fall in its proper place. If you have marketing without the credit base that will never last for any length of time. On the other hand ultimately, credit itself will have to be linked closely with marketing and processing. Further, in the integrated rural economy cooperativization will be of little avail in a developing economy unless we think of the cooperative as an instrument of rural industrialization. I want to sound the note that there is enough in the last 10 or 15 years of history and experiences of the cooperative movement to make it possible for us to see that real cooperative development helps developing a viable rural economy.

If we put all our efforts in this direction I see no reason why our ultimate goal should not be within our reach. If an experiment has proved successful in some areas and regions, there is no reason why it cannot be tried in other areas as well; and replication of results in similar contexts, should be easy.

PERSPECTIVE

Replication has been established in many areas in this country. Replication is comparatively an easy matter, provided we have willingness and proper leadership. If this is so, in what terms does one think of the future? What are the challenges? What are the programmes and possibilities? What in the ultimate analysis can be our hopes? I have my faith in the concept of a cooperative society, that functions essentially in a cooperative economy. And by a cooperative economy I understand an economy in which the competitive spirit and competitive practices are given necessarily an inferior place. Cooperative behaviour I suppose to be the only way in which a backward economy has the possibility of peacefully forging ahead. Looking at the situation from this point of view, I feel that there are two or three very large problems that we face. The first big problem, the biggest one is the unevenness in the development of cooperation in the country. That in my opinion is immediately an urgent problem and we have really to look into the reasons for this unevenness and what we can do to get over it.

Ultimately it is a question of transfer of ideas, of attitudes, of experiences and of technology. The problem is one of transfer of experiences not from one civilization to another or from one type of society to another, but of transfer within the same economy, within the same types of societies, within the same sort of people, within similar levels of education, similar aptitudes, attitudes and so forth. The cooperators must sit up and take serious notice of this challenge. The regional disparities present a challenge to all regions, and to leaders in developed areas as well as to leaders in under-developed areas. I think there has not been enough thinking in this particular context. For example, the National Cooperative Union and other cooperative leaders have been putting forward the panacea of de-officialization to solve everything. But how could de-officialization begin unless there are non-official leaders? What is it that blocks progress in the direction of emergence of non-official leadership? Is it fundamentally a problem for national leadership or is it only a particular context—social or economic—that is blocking it? One development that has been bothering cooperators lately is the emergence of consi-

derable adverse criticism against cooperatives. If you carefully analyze this adverse criticism, you will find that at the back of it stands our failure to achieve on a wide front the results expected of co-operators and the cooperative movement. Officials, ministers and others hailing from different areas have different images; different experiences. And if you want the whole of the country to accept your point of view there must be enough universality in cooperative performance to carry conviction. At present, performance varies from State to State. If you go to a minister, with the plea of, for example, export licences to cooperatives, he may tell you: It is all right for your State, but what about others? Unless such questions can be answered satisfactorily, one cannot hope to make progress.

Our basic problem, in my opinion, in the immediate future, is to take stock of what we think we have achieved in specific sectors, in particular regions throughout the country and to put these results together. In other words, the first aim should be to see that in the process the entire rural economy becomes essentially cooperative economy. We should next be able to prove that because there is a cooperative type of society, development in the country proceeds more efficiently, more quickly in the direction of socialism, and the results are superior to possibilities in any other direction. Such a demonstration has to be on all fronts. It has to be in terms of efficiency of operation, in terms of quickness of the pace of development and in terms of total social results.

Taking a limited view, cooperative organization enables relatively small units to come together so as to take advantage of large scales, better techniques and so forth. However, cooperative activity also means limitation on dividends, non-aggrandisement of the individual, non-aggrandisement of a strong unit at the expense of the weaker, a universal cooperative attitude in all activities. Such cooperative attitude has to extend to all sectors; it should be all-embracing. I personally think that in particular contexts co-operators have proved that in terms of efficiency, in terms of speed of development, in terms of better social results, they have enough to their credit. The difficulty in my opinion is that the co-operators themselves do not take the total implication of these isolated facts seriously. We use terms like cooperative commonwealth, but I do not think that we fully internalise their meaning. I am not saying that we do not understand it. What I mean is that we do not fully internalise the import of the Universal cooperative spirit. It stands for not only certain attitudes between members of an organization, but certain attitudes between peoples and organizations in the total economy.

Our immediate problem is the transfer of experiences from region to region from sector to sector and the formulation of an integrated concept of a cooperative social order. The other concrete problem which will be very important for the future is to realize the role of cooperative activity in the development processes particularly in the context of rural industrialization. Rural industrialization is the basis of all developments in our economy. To what extent is cooperation a means of rural industrialization? To what extent can it help to solve both the technical and the organizational problems? It is imperative that as cooperators we take clear view of these and other relevant questions in the context of a progressively developing economy. If you are able to prove that we have progressive viable and workable programmes of industrialization which could retain the basic cooperative character of the economy then I think you have a strong case.

I have not yet found any class or group of people so unresponsive that a demonstration of real cooperative activity did not, when they came into contact with it, convince them. This is my experience. All groups, officials, ministers, etc., are open to conviction. The responsibility of cooperators is to think out and work their problems and to do this as integratively as when you think of a cooperative society. Considering what we have achieved during the last 10—15 years, there is no reason to doubt that a great deal more can be achieved in another 10—15 years. What we have to prove to the people is that here is an idea of cooperation that is basically different from that of others. I am deliberately putting it in this way because the term cooperative may mean many things. Cooperation in USA means one thing, in Russia another, in China a third thing. Again in Scandinavia it is different. And it is yet another thing to India. If we are going to frame our ideal in the form of a socio-political commonwealth concept, this is radically different. Because in most other attitudes or contexts, the cooperatives are mere alternative forms or instrumentalities. In the sense in which we are thinking of cooperatives here, this is not merely an alternative form of agency or instrumentality but it is a characteristic of a whole society. We want to form a society which can really be described as the cooperative commonwealth. This matter is incumbent on us to think basically of the full implications of what we want to try to develop. I would urge that these problems, connected with these basic concepts, should form the subject matter of discussion at meetings of the National Cooperative Forum.