



Tribal Cooperative System

S. MAHALINGAM

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India has the largest tribal population in the world, except in Africa. Cooperative form of organisation is the most suitable agency to bring out a radical change in tribal economy. The simple reason is that the tribal groups have a greater sense of homogeneity and the tribal communities are still a reality in many places. In fact, the tribal milieu is a particularly happy social context for the roots and growth of cooperatives and their life is characterized by cooperative ventures.

The present book concerns with co-operative societies especially LAMPS in tribal areas of North-East India for their unique role in strengthening the fibre of tribal economy by providing integrated credit, marketing and distribution services. An attempt has also been made to analyse the positive and negative aspects of tribal cooperatives in the studied region along with identification of factors which strengthen a cooperative society in tribal areas and those which weaken it. It is found that cooperatives have helped the tribal people in the region in upgrading their economic status and quality of life through its integrated economic services. The present book not only offers most up-to-date and comprehensive coverage of cooperative structure in tribal areas of North-East India but also serves as a valuable reference for the planners, policy makers and all those who are interested in the subject.

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TRIBAL COOPERATIVE SYSTEM

A Study of North-East India



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*a rare administrator with academic excellence,
full of Benevolence and Forbearance,
who has always been an inspiring source for a large
number of Development Economists devoted to the
cause of the rural sector in the country.*

PREFACE

The general acceptable idea of a cooperative is not merely that of an organisation enabling its members to take advantage of their collective strength, but to be an instrument to those individuals who are weak and handicapped. The accent in the cooperative movement is clearly for the weaker sections of the society. Its objective is social equality and justice. The role of cooperative organisations in the exploitative backdrop of the weaker sections like scheduled castes and scheduled tribes is specially significant. In this light, organisation of LAMP societies in the tribal areas has been a distinct gain in many ways. These cooperatives have not succeeded in all the tribal regions due to geographical, cultural, social, environmental, economic factors, etc. The present case study is a modest attempt at examining the functional efficiency of successful and unsuccessful tribal cooperatives in the selected North-Eastern States.

I express my deep sense of gratitude to Shri T.L. Sankar, IAS, the dynamic Director General, NIRD, who has infused new life to our Institute and also to me through his great encouragement, personal care and affection in preparing this report. His depth of knowledge and pursuits for academic excellence have always been a source of inspiration to me.

The completion of this study would not have been possible without the willing cooperation of officials of the Department of Cooperation, and Tribal Development and various tribal cooperatives in the selected North-Eastern States.

I record my profound thanks to Dr. B.P. Maithani, Director, North-East Regional Centre, NIRD for his insightful guidance and constant encouragement in carrying out the present research work in the North-East region.

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However, I personally assume the entire responsibility for any error and omission of this book.

S. MAHALINGAM

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INTRODUCTION

Cooperatives are usually regarded as autonomous institutions of production and distribution of goods and service to individual members, having inter-linkages with external organisations, along with return-yielding members investments. The basic goal is to render maximum services at minimal cost consistent with the norm of viability to enable sustained growth. At the same time, social mobilisation of the cooperatives' clientele and growth of local leadership marks one step forward towards self-management and decision-making.

The tribal milieu is particularly happy in social context for the roots and growth of cooperatives since their life is characterised by cooperative ventures. A tribal may not be able to appreciate the official conventional cooperative structure, but its spirit permeates his active life.¹ In fact, a package of integrated services offered by the cooperatives are the basic support for the tribals around which their economy tends to grow.

The importance of cooperatives in ameliorating the economic conditions of the tribals needs no emphasis. A person like our late Prime Minister Jawaharlal Nehru himself acknowledged, "I know of no other instrument so potentially powerful and full of social purpose as the Cooperative Movement. It helps the tribal people to help themselves".

Genesis of Tribal Cooperatives

India has the largest concentration of tribal population in the world, perhaps with the exception of Africa. At present there are

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about 5.16 crore of Scheduled Tribes in the country, constituting about 7.76 per cent of the total population or approximately one tribal for every thirteen Indians. Their main concentrations are the Central and the North-East parts of India. They are living mostly in remote areas, i.e. in the thick forests, on hill-slopes and plateaux with poor natural resources.

This isolation has deprived them of the fruits of scientific and technological advances leading to their distinctive life-styles, cultures and languages. Besides, the tribals are being exploited by the professional money lenders and private traders for many decades due to insufficient institutional arrangements in the field of credit, marketing and distribution.

To eliminate the age old exploitation and repression of tribals in different economic activities, sincere efforts have been made by the Government in building up cooperative structure in the tribal economy during the plan period in India. As a matter of fact, in tribal areas, cooperatives like the Grain Gola, Forest Labour and Multi-purpose have been functioning since the First Five Year Plan. Many commissions, committees, Study Teams and Working Groups have repeatedly been emphasised the significance of cooperativization of tribal economy in the country. In its report, the Social Welfare Team of the Committee on Plan Projects (1959) recommended that, "commercial exploitation of forests be entrusted to cooperatives rather than to contractors". The Dhebar Commission (1961) recommended that, "the sale and marketing of the produce and supply of tribal peoples' requirements at reasonable price should receive special attention through cooperatives". A Special Working Group on Cooperation (1961) attributed the slow development of cooperative movement in tribal areas to structural weakness, operational defects, management problems, faulty procedures and business methods which are not suitable to the tribals. The Group suggested a separate organisational set up for promotion of cooperative ideas among the tribal communities so as to provide such services as were being rendered by private traders and further recommended the formation of an "Integrated Service Cooperative Society" at

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haat level. As a result of the recommendations of the Working Group, State Governments set up Forest Labour Cooperative Societies and Multi-purpose Cooperative Societies and State Level Tribal Development Corporations. Further, to improve the operational efficiency of Cooperatives in Tribal Areas, a Committee on Cooperative Structure in Tribal Areas (1971) has recommended the organisation of new pattern of tribal cooperatives, viz. Integrated Credit-cum-Marketing Cooperative Societies or otherwise popularly known as Large Size Multi-purpose Cooperative Societies (LAMPS) at the primary level to provide production as well as consumption credit, undertake marketing of tribal produce and distribution of consumer goods and agricultural inputs.²

This could secure all facilities under one roof for the tribals. Accordingly, the State Governments were advised by the Central Government to organise the above type of LAMP cooperatives in the tribal areas. As a result, 2650 primary level tribal cooperatives were organised by the end of 30th June, 1985 and each LAMP society was expected to cover an average of 10,000 to 20,000 tribal population.³ However, there are some States like Andhra Pradesh, Himachal Pradesh and Kerala which have not organised LAMP societies, because the existing cooperative structure answers the present needs. Further, the State Governments were asked to organise Tribal Development Cooperative Federations at the State level to extend marketing support to the primary level tribal cooperatives. So far 10 Tribal Development Cooperative Corporations have been organised in the States of Andhra Pradesh, Bihar, Kerala, Madhya Pradesh, Maharashtra, Manipur, Orissa, Rajasthan, Tripura and West Bengal. In 1987, the Tribal Cooperative Marketing Development Federation has been set-up at the national level to give marketing/technical intelligence with other economic support to the State Tribal Development Corporations. It is hoped that the above structure of tribal cooperatives will give a new dimension to the cooperative movement in serving the weaker sections of the society in the hill areas.

Objectives of the Study

The study was taken up with the following objectives:

1. To study the genesis and growth of tribal cooperatives in the North-Eastern Region;
2. To examine the overall performance of tribal cooperatives in the selected North-Eastern states with special reference to sample tribal cooperative societies; and
3. To identify the key factors contributing to the success or failure of the tribal cooperatives so as to draw lessons for future.

Scope of the Study

Generally the tribal groups have a greater sense of homogeneity. The tribal communities are still a reality in many places. Cooperative form of organisation is found to be the most suitable agency to bring about a radical change in the conditions of tribal economy. Cooperatives have helped in upgrading the economic status and the quality of life of the tribals. They can bring these vulnerable sections within a common fold through a package of services such as supply of concessional credit, subsidised inputs, consumer goods and marketing of farm and minor forest produces.

Truely speaking, the private moneylenders-cum-traders, who have been the major source of tribal credit and marketing in the past, have lost their grip in the tribal economy due to intervention of tribal cooperatives. The tribal cooperatives are rendering unique services for the benefits of tribals, but the rate of success has not been uniform and upto expectation in all the tribal regions, particularly in the North-Eastern parts of the country. Once the basic causes for success or failure of the cooperatives are understood, identifying specific regional problems becomes easier to find meaningful solutions to the weaker societies and evolve a nodal structure of sound tribal cooperatives based on the experience of success stories. The present research study, therefore, explores this aspect.

Methodology

The tribal situation in North-Eastern parts of the country presents a mixed picture. The percentage of scheduled tribes to state population is very high in states like Meghalaya, Mizoram, Nagaland and Arunachal Pradesh, though the total population is not too large. In the valley areas of the North-Eastern states like Assam, Manipur and Tripura, they are not predominant. To give equal representation to both types of the states, Arunachal Pradesh and Tripura were chosen on the basis of size of their tribal population for the study.

Depending on the operational performance indicators such as own funds, borrowed funds, overdue position, marketing business, distribution turnover, total assets and liabilities as well as profit and loss position, tribal cooperatives in the above sample states were classified into successful and unsuccessful cooperatives. With the emphasis on examination of overall performance of selected cases and identifying factors affecting their performance, it was decided to study one successful and one unsuccessful tribal cooperative society in each of these two selected states through interview-cum-discussions and case study method. Again 50 beneficiary members were also selected randomly from each of the selected tribal cooperative societies in order to assess their perceptions and attitudes towards the impact of cooperative system in the tribal economy.

With the help of structured schedules, primary data were collected through personal interviews and secondary data recorded from published reports and office records. Discussions were held with the officials and non-officials of tribal cooperatives besides with progressive tribals and village leaders to rationalise the collected data so as to draw inferences as perceived through varied channels. Further, to identify the differences and similarities in the structure of tribal villages, a social census for each selected tribal area was prepared with the help of village records and other reports given by the district level officials.

Chapter Scheme of the Report

This report is divided into six major chapters. The importance of tribal cooperatives focusing on the study and structure of methodology are discussed in Chapter 1. This is followed by an analysis of socio-economic profile of tribals and organisational structure of tribal cooperatives in North-Eastern India in Chapter 2. The operational performance of tribal cooperatives with reference to selected cases in Arunachal Pradesh and in Tripura is portayed in Chapter 3 and 4 respectively. A comparative picture about performance of tribal cooperatives between the selected states is reviewed in Chapter 5. A brief version of the emerging features of tribal cooperatives in the selected North-Eastern States with basic reasons for their success or failure is explained in the final chapter together with certain policy implications emerging from the study.

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