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Producers' Cooperatives

Experience and Lessons from India



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June 1984
Institute of Social Studies

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INTRODUCTION

After attaining independence in 1947, India opted for a mixed type of economy in order to accelerate economic development. The ownership of the means of production was to remain in the private sector. The public sector was to support the growth of private economic activity. A third, cooperative sector was to be strengthened to help the numerous small producers. Investments in the public sector were directed by introducing five-year plans. The first five-year plan was launched in 1951; the second covered the period from 1956-57 to 1960-61. During the latter period the infrastructural facilities were vastly improved. In addition the state entered the production sphere, operating mainly in basic and heavy industry. In the cooperative sector the major achievement was the development of a credit and marketing network. As far as productive activity was concerned, even though there were schemes to help the weak and small producers to join in forming cooperatives, this was seldom effectual. Only a handful of cases could be observed where such societies were formed and were run for some length of time as viable economic units.

In India the small producers make up the majority of the producers involved in agriculture, livestock production, fisheries and crafts. Cooperation was considered to be the only organizational form through which the state could support the small producer. In view of the crucial role envisaged for cooperatives in India, it was considered important to examine the conditions under which a cooperative organization can reach the small producer and the limitations of a cooperative endeavour within a capitalist economic system. In Maharashtra a much-publicized success story was that of the 'VFS', a cooperative farming society¹ of the erstwhile untouchables from a village in Sangli district. In Kerala the organization of fishermen from Trivandrum district in a multi-purpose cooperative had attracted considerable attention. The problems of technological changes and the challenges faced by the small producers are different in agriculture from those in fisheries. It was decided that these two cooperatives should be studied with a view to examining the role that the producers' cooperative units, functioning within the capitalist framework, can play and the extent to which the model can be replicated.

The field-work done in studying the VFS was carried out by the author during the period from September 1980 to March 1981. This involved detailed scrutiny of the official documents and records of the VFS, several discussions

with the leaders, office bearers and members of the VFS, and special group meetings with the women members of the VFS. The author visited the VFS once again from November 1981 to January 1982 to observe later developments and for further discussions and certain clarifications. The data on the fishermen's cooperative were obtained mainly through the official documents and records of the cooperative, and through discussions with the leading organizers of the cooperative. A meeting with the women members of the cooperative was arranged to learn about their perception of the role of the cooperative and the problems they face. The field-work in Kerala was carried out by the author in November 1980. The field data, together with the material obtained from secondary sources, form the basis of this paper.

1. THE ROLE OF A COOPERATIVE

The cooperative idea was originally formulated in Europe during the early stages of capitalism. In the beginning cooperative efforts were directed towards founding model communities that were closed and small and whose structure and operations were guided by the cooperative 'gospel'. These efforts to withdraw from contemporary society and establish autonomous, ideal communities based on cooperative principles failed for obvious reasons. Attention was subsequently turned towards establishing special institutions.

In the course of the nineteenth century the emergence and growth of insoluble contradictions, increasing competition, threats to social security, rising unemployment and depression compelled those affected by the crisis to defend themselves by organizing self-help schemes. In this situation farmers and traders formed cooperatives as an aid in trying to rescue themselves from complete failure; consumer cooperatives also emerged to provide protection from increases in prices and speculation. The basic motivation in founding the cooperatives was their protective function, and their growth was based almost exclusively on self-help.

A cooperative organization may be defined as a mutuality formed by independent units of economic activity to jointly undertake certain activities related to their functioning as an economic unit. The mutuality logically acts on the basis of leaving no profit for itself. In terms of its structure as a productive organization, the emphasis is on operating through *small units*. The units cooperate with each other to achieve economies of scale and to carry out

other mutually beneficial activities. Organization on a cooperative basis implies a distinct view on incentives, viz. that the members of the cooperative recognize the importance of group and social obligations and are prepared to voluntarily accept certain limitations on rewards, and also that noneconomic incentives – such as social recognition – are seen as valuable in motivating the members to do their work in the cooperative. Implicit in the cooperative's organization are also the twin concepts of democracy and egalitarianism. Cooperation calls for the diffusion of power through the entire structure. From the early days of cooperative efforts onwards the responsibility of the group for social security and for the educational and cultural betterment of the members has been emphasized. It was also expected that egalitarianism would become reinforced in the process of working cooperatively.

The cooperative idea spread throughout the world in the first half of the twentieth century. Because the conditions under which cooperatives have developed have varied substantially, their structures and roles have come to differ considerably. In Europe the cooperative societies were formed voluntarily around a common economic interest and relied on self-help, but in the colonies, such as India, cooperatives were established on the initiative of government officials. In some countries, such as Japan, the national government directed and supported agricultural cooperatives as a part of its overall state economic policy. In India, on the other hand, the colonial government was not interested in providing any framework for economic policy. In the poverty-stricken and insecure, underdeveloped economy of India, given the absence of those policy measures which are essential to develop cooperative movements, the cooperative activity that had been initiated on an official basis and continued through the zeal of some registrars of cooperatives and certain philanthropic individuals could not gain vitality and strength. Consequently the cooperatives could hardly take root in India during the colonial period, and the cooperative movement remained insignificant.

Since 1947 and particularly after 1951, the Government of India has accepted a certain responsibility in relation to guiding the development of the economy. As a result fresh interest has developed in cooperative organizations as instruments for implementing certain policy measures. Cooperative superstructures were established in particular to integrate small and scattered peasant agriculture into the national market. The cooperative structure emerged mainly in the form of service cooperatives which operate with government support and under the supervision of government officials. By and large the primary units have not become

self-reliant and strong. The ideal of cooperative farming has been cherished as a panacea for effecting agrarian reform and agricultural development, but actual progress in this direction has been dismal.

1.1 Cooperative Farming in India

The Congress Agrarian Reforms Committee, in its Report prepared in 1949, strongly recommended the organization of cooperative farming societies for small farmers – i.e. farmers who had holdings smaller than the 'basic holding'.² Even though 'joint village management' was viewed as the ultimate aim, from the First Five-Year Plan (1951-56) onwards stress was put on cooperative farming in particular for subsistence farmers. The guidelines laid down in the Plan in this regard specified that: (a) in terms of supplies of inputs, finance, technical assistance and marketing, preference should be given to cooperative farming societies; (b) these societies should have preference when leasing agricultural wasteland owned by the government and land taken from private owners with a view to developing it; (c) suitable assistance should be given to bring such land under cultivation; and (d) for the duration of a cooperative farming society's existence, no adverse tenancy rights should accrue against those of its members who happened not to be engaged in personal cultivation.

When the Second Five-Year Plan (1956-61) was being drawn up, it was noted that only about 1,000 farming societies were functioning in India. A study carried out by the Programme Evaluation Organization³ in thirteen states indicated that the larger landlords were the major beneficiaries and that many of the cooperative societies were formed to evade land-reform legislation.⁴ There were also a number of societies formed only to benefit absentee landlords; these were actually spurious societies organized to take advantage of the loopholes in the official programme.⁵ However, the policy of maintaining the rights of absentee landlords when a cooperative society was formed was continued while the Second Five-Year Plan was in effect.

In 1959 a working group on cooperative farming was appointed by the government, and it was while the Third Five-Year Plan (1961-66) was in effect that certain modifications were introduced on the basis of that group's recommendations. The main tenor was to demonstrate the superiority of cooperative farms over individual farms. With this aim in mind it was suggested that pilot projects be organized at the rate of at least one project per district, with 3,180 societies in the country as a whole. Progress in the pro-

grammes was not uniform throughout the country: the results varied due to such factors as the development of the cooperative movement in a given state, whether or not local political and social leadership showed keen interest, the availability of government-owned wasteland etc.

Instead of demonstrating a capacity for higher production the pilot projects indicated that collective operation often revealed certain weaknesses, e.g. the lack of coordination and management problems. To evaluate the functioning of the pilot projects and assess progress in cooperative farming a committee was appointed by the government in 1963. The committee's Report⁶ stated that by March 1965 there were 2,298 societies in the pilot area with a total of 39,553 members over 229,000 acres of land. The other areas had 2,090 societies with 45,366 members spread over 244,000 acres. The committee arranged to study the operation of 165 societies in different parts of the country and based its recommendations on the following premises: (a) the cooperative-farming programme⁷ would be directed at solving the problems of the smallholder; (b) as the uneconomic holder's capital resources are notoriously meagre, these would be appropriately enlarged in the initial stages to provide for the needed technological improvements; and (c) even if improvements were effected, agricultural activities on pooled land probably would be insufficient to employ all the working members, so that a continuous effort to diversify and to add new fields of activity would be needed in order to provide full employment to the members. Field studies showed that 'the existing arrangements for financial assistance are inadequate and point to the need for change in the present approach' and also that 'in many areas the technical guidance has neither been adequate nor of the standard required'.⁸ Performance in land improvement and irrigation development was handicapped due to inadequate financial assistance. It was also observed that the societies formed by the landless labourers, who had been settled on wastelands by the government and mostly belonged to the scheduled castes or scheduled tribes, were faced with managerial problems. Their performance was largely dependent on the quality of the leadership provided by the sponsoring societies. It was found that the societies were functioning well in some isolated pockets, but that if the country was taken as a whole cooperative farming had not taken root; in fact about 40 per cent of the existing societies were not functioning well.

In the Fourth Five-Year Plan (1969-74) special attention was to be given to revitalizing the stagnant societies and bringing an additional half a million acres into the fold of cooperative farming. The central government requested

the state governments to draw up appropriate plans for this purpose, but the state governments were not enthusiastic about promoting the programme. In most of the states policy implementation is controlled by the upper landed sections of the population (which have decisive political power in the state apparatus). These sections benefit from the service cooperatives, but they are not interested in promoting small producers' cooperatives, since such action is likely to weaken their hold on agricultural labourers and small peasants, and this is viewed as a potential threat to their economic and political hegemony. In effect cooperative farming has remained a policy programme that exists only in principle and not in practice.

1.2 Cooperatives in Maharashtra State

The erstwhile Bombay state, which was bifurcated in 1960 to form the states of Maharashtra and Gujarat, is considered to be the pioneer in cooperative farming in India. Early experiments with cooperative farms were done by Dr H.S. Mann in 1921 in the districts of Ahmednagar and Solapur, and these were followed by further cooperative attempts by some social workers. After the Second World War a special officer was appointed to investigate the possibilities in this field. In his Report⁹ he maintained that 'joint village management' was not suited to Indian conditions and that the introduction of cooperative farming would be the only way to secure the benefits of large-scale cultivation without affecting any of the social institutions or interfering with private ownership. The following was recommended to promote cooperative farming: (a) a province-wide drive should be launched to organize multi-purpose societies, so that these could provide fertile ground on which the seeds of cooperative farming would thrive; (b) cooperative collective farming societies should be encouraged in cultivating government and forest land; (c) a separate authority with executive powers and adequate funds should be established to organize cooperative farming and foster its growth, since if this were left to the various departments there would be considerable delays, a lack of coordination and deficiencies in implementing the programme; and (d) mixed farming was especially recommended to help diffuse risks and elements of uncertainty and to even out to some extent the peak and slack periods in labour employment.

1.3. Service Cooperatives

The programme of establishing village-level cooperative credit societies and multi-purpose societies received active government support, and the network of the service cooperatives spread rapidly in Maharashtra State. The political leadership and landed sections of the population took active interest in the growth of this network because they were the major beneficiaries of it.¹⁰ In 1981 the 60,747 cooperative societies in the state had 15 million members.

The cooperative credit structure in Maharashtra State is widespread, covering over 95 per cent of the total of 35,851 villages in the state. At the base of the structure are the primary agricultural credit societies operating at the village level; the district central cooperative banks constitute the central tier; and the state cooperative bank is the federal organization of the district central cooperative banks. In 1981 there were 18,389 primary agricultural credit societies in the state with a total of 5.39 million members, while in 1960 membership totalled 1.8 million (see Table 1). About 66 per cent of the

Table 1. *Primary Agricultural Credit Societies in Maharashtra State*

	1961	1971	1981
No. of societies	18,998	20,014	18,389
Membership	1,827,000	3,136,000	5,391,000
Borrowing members	1,224,000	1,329,000	1,447,000
Loans outstanding (in millions of Rs)	429.6	1,648.3	3,834.5

Source: Cooperative Movement at a Glance in Maharashtra State, 1982, Office of the Commissioner for Cooperation and Registrar of Cooperative Societies, Maharashtra State, Pune, 1982, p. 7.

members had borrowed in 1960-61, but this figure fell to below 30 per cent in 1981. This was partly because of the problem of overdue loans, which was assuming serious proportions; the percentage of overdue loans compared to outstanding loans was 20 per cent in 1960, 43 per cent in 1971 and 46 per cent in 1976-77. The other weakness was that even though the cooperatives were widespread, 'there is reason to believe that the small cultivator and the tenant are somewhat neglected and that the benefit of cooperative credit goes predominantly to large cultivators.'¹¹

Next in importance is the cooperative marketing structure (see Table 2), which provides such services as purchasing agricultural produce, storage facilities, distribution of fertilizers etc. Here again the larger farmer with a sizeable marketable surplus is the major beneficiary.

Table 2. *Cooperative Marketing Societies in Maharashtra State*

	1961	1971	1981
No. of societies	343	409	417
Membership	140,100	281,100	470,100
Turnover (value in millions of Rs)			
Agricultural produce	174.2	630.1	1,077.3
Fertilizers	75.6	359.9	1,401.9

Source: *Cooperative Movement at a Glance . . .*, p. 12.

Maharashtra State is a pioneer in the establishment of cooperative sugar factories (see Table 3). Founded by producer members and financed mainly

Table 3. *The Growth of Cooperative Sugar Factories in Maharashtra State*

	1961	1971	1981
No. of factories	20	69	78
Factories in production	14	30	67
Membership	37,000	188,100	437,600
Tonnes of sugar-cane crushed*	2,278,000	6,828,000	16,953,000

* In 1980-81 the total production of sugar in Maharashtra State was 1.9 million tonnes, which is about 35 per cent of India's total sugar production.

Source: *Cooperative Movement at a Glance . . .*, p. 15.

by the state and the cooperative banks, these factories have brought prosperity to their hinterland, i.e. to the 100-150 villages located around each factory. Most of the members of the cooperative sugar factories are medium-sized farmers with one or two acres under sugar-cane cultivation. However, the influential land-owners in the area exercise control over the boards of directors of these factories, and these 'sugar barons' wield substantial political and economic power at the district and even the state level.

Dairy cooperative societies have been organized in the rural areas with state support in order to provide a subsidiary occupation for those involved in agriculture and to increase milk production and collection, so as to meet the expanding demand for milk in the metropolitan areas of the state. The primary dairy cooperative societies collect the milk at the village level and deliver it to the Taluka Unions of milk federations, which arrange for its transport and supply to the government milk schemes (see Table 4).

Table 4. *Dairy Cooperatives in Maharashtra State*

	1961	1971	1981
Societies and unions	450	2,067	7,909
Membership	17,500	135,900	719,100
Milk collected (value in millions of Rs)	7.4	159.4	1,303.8

Source: *Cooperative Movement at a Glance . . .*, p. 17

1.4. *Cooperative Farming Societies*

There were 443 (joint and collective) cooperative farming societies in Maharashtra State in 1961, and the number increased to 1,123 by 1966. The number was around 1,200 in 1972 and declined subsequently (see Table 5).

Table 5. *Cooperative Farming Societies in Maharashtra State*

	1961	1971	1981
Joint farming societies	117	327	118
Collective farming societies	326	892	438
Membership	11,100	29,000	16,800
Total no. of hectares owned	29,300	76,000	39,000
Total no. of hectares cultivated	16,100	38,900	14,600

Source: *Cooperative Movement at a Glance . . .*, p. 16.

In 1971 the area cultivated was about 0.2 per cent of the total cultivated land in the state. Collective farming societies are organized on government land, and their members are largely ex-soldiers' families, displaced persons or scheduled castes.

Experience has shown that the joint farming societies are often formed by relatively rich farmers in order to secure the benefits of the concessions given by the government and/or to evade certain legal stipulations and restrictions (e.g. the ceiling on the size of landholdings).¹² There are three main reasons why a large number of cooperative farming societies suffered losses, as was noted by the Minister for Cooperation in 1970. The first is that the land allotted to societies is generally not agricultural: it is wasteland that previously was forested but which is now covered with bushes. Moreover, most of it is on slopes of hills that have small streams running across them, so that the soil is sandy and/or the upper layer is washed away. Some of the land requires

heavy expenditures for development, and even if financial assistance at a higher rate is sanctioned for this, it is questionable whether the expenditures will be commensurate with the yields resulting from its development. The second reason is that most of the land is not very fertile, since the soil is light. Crops grown in such soil cannot be cultivated economically under dry conditions.¹³ The third reason is that irrigation facilities, which would increase the productivity of the land, cannot be provided to any considerable extent.

The advantages that can be gained from the large size of the holding (i.e. farm) created by pooling together the individual smallholdings are not realized because the land is not developed and because it requires considerable initial investments. In cases where the land can be cultivated other problems arise, such as the lack of adequate funds to equip the farms with necessary draught animals and agricultural equipment and the lack of technical skills, market information etc. Cooperative farms consequently are not able to provide adequate employment and income security to their members. In particular because agricultural operations are seasonal, the problem of providing work during the off-season cannot be solved unless there are adequate investible funds to finance land development and related work or provide subsidiary related occupations, such as work on dairy and poultry farms etc.

The principles followed in organizing, operating and managing the society are laid down by the government,¹⁴ and the organizational structure is very formal and bureaucratic. This is totally alien to the members, who traditionally have operated under personal patriarchal family structures and lack adequate training. They consequently find it difficult to cope with this organizational form and meet the challenge of complex managerial problems. In this situation the role of the leadership becomes crucial, particularly in the initial stages. It was found that the leaders are either members of the political parties or social or religious workers, or members of the village intelligentsia (teachers, pleaders, educated farmers etc.). The leader's status in the rural community and his motivations in organizing the society are the major factors in determining the success of the venture. Successful experiments in this field have been few and far between because of a variety of problems faced by the producers' cooperatives, even though a widespread network of service cooperatives exists in Maharashtra.

Western Maharashtra, which is socially and economically the most advanced of the various regions of Maharashtra, is farther ahead in the development of the cooperative network. A cooperative farming society in Sangli, one of the Western Maharashtra districts, was chosen for detailed

study for two reasons: (a) its members belong to the weakest section of the society both economically and socially, i.e. the Mahars; and (b) the society can be considered a successful one and thus allows the factors that promote success and the limitations to be examined.

1.5. *The Caste Hierarchy*

In the traditional, caste-based Hindu social structure, privileges were associated with the higher strata, while the lack of them, as well as such disabilities as untouchability, were attached to the members of the lower strata. From this emanated a concentration of political and economic power, and the benefits of higher economic culture and of progress in art also redounded in favour of the small and privileged high-caste group. Caste regulations influenced the whole pattern of social life and governed the lives of each individual member of each caste group. Every person in the hierarchical order had to maintain certain patterns of behaviour towards the members in their own caste and towards those in other castes.

Given such a rigid social structure the success of a cooperative - which presupposes a modicum of social equality, political democracy and economic viability among the members of the village community - is a major challenge. In effect the cooperatives have to create the very preconditions that are necessary for their establishment. A cooperative of the most downtrodden caste group in Maharashtra, the Mahars, which was established despite such odds, and its role in improving the Mahars' social and economic status and in some measure in softening the edges of the rigid caste hierarchy, is therefore of considerable significance.

The Mahars were the major untouchable caste of Maharashtra State.¹⁵ Traditionally the very shadow of the Mahars was polluting to the caste Hindus (or Savarnas). Mahar hamlets were therefore located outside the main village settlement, and the Mahars were not allowed to draw water from the village well. Being untouchables they were also barred from entering the village temple. As village servants it was their duty to remove the carcasses of dead animals, and they then would eat the animals' flesh. They also provided fuel for funeral pyres. Traditionally the Mahars were barred from learning, and they were also denied the right to acquire property; they had to work as village servants and were also assigned certain official duties. They received payment in kind as their *baluta*¹⁶ dues, and in certain parts of Maharashtra they were allotted *watan*¹⁷ lands which were often of inferior quality and

uncultivable. When colonial rule was established the traditional economic structure of the village community disintegrated, and the Mahars lost many of their economic functions, which were rooted in the village set-up, and their economic conditions worsened. After independence untouchability was declared illegal, and certain programmes for the social and economic betterment of the erstwhile untouchables (or Scheduled Castes) were formulated. Implementation of these programmes remained problematic in the rural areas because of the domination of the land-owning caste Hindus in village economy and politics.

2. FARMERS' COOPERATIVES IN MAHARASHTRA

Migao village (in the Sangli district of Maharashtra State)¹⁸ is a large village: it had a total population of 8,885 persons in 1971. The dominant land-owning communities in the village were the Marathas, followed by Jains, who together formed about 40 per cent of the village population. The Scheduled Castes accounted for 20 per cent of the village population, the Mahars constituting over half of the Scheduled-Caste population. The Mahars worked as agricultural labourers during the peak season and could hardly eke out a living during the off-season. Like the Mahars in thousands of other villages in Maharashtra, they laboured under the yoke of age-old social and economic handicaps. In protest against their degraded social and economic position in Hindu society, a major section of the Mahar population in Maharashtra converted themselves to Buddhism in 1956, under the leadership of Dr B.R. Ambedkar. The Mahars in Migao village, however, did not give up Hinduism and continued to observe some of their traditional duties, e.g. removing carcasses of dead animals. The custom of Devdasi¹⁹ has also remained current among the Mahars due to the pressures of tradition and poverty.

2.1. The Birth of the Cooperative

In order to trace the genesis of the Joint Cooperative Farming Society (VFS) in Migao village the development of the Migao Milk Supply Cooperative Society (MSCS) has to be briefly reviewed, since the need to form a farming society arose from the need to meet the fodder requirements of the milch cattle.

On the initiative of Mr V, a social worker and prosperous Brahmin landowner in Migao village, a scheme for the incorporation of the landless

labourers belonging to the Mahar community into the village-level milk-supply cooperative was formulated. Provision was made to advance loans against personal security on hypothecation of the buffalo purchased under the scheme. The Mahars were, however, not familiar with the dairy business and were reluctant to join the scheme. Mr V therefore had to do considerable spade work – e.g. giving advice to the Mahars on purchasing buffalo, on how to care for them and how to milk them etc. Under the scheme the entire amount of milk produced was to be delivered daily to the society; the producer was paid in cash half the amount of the value of the milk delivered, and the rest was to be used towards repayment of the loan. Arrangements were also made to advance loans for purchasing another buffalo before the first one went dry, so that the supply of milk would remain uninterrupted and the owner would receive some cash income all year round. Veterinary and insurance services were also provided for by the society.

In Migao village the fodder supply – which consisted of sugar-cane tops and the grass growing profusely in the vicinity of irrigation channels and on the bunds – was abundant because of the lift-irrigation developed in 1958-60 and the consequent increase in the area under sugar-cane cultivation. Traditionally the labourers used to collect the grass for the land-owner and received some buttermilk and left-overs of bread in return. When some of them purchased buffaloes, they kept the grass to feed their animals. Consequently their cash expenditures for maintaining the animals were small, and the dairy scheme therefore proved to be quite remunerative. About ninety families joined the scheme during the period from 1962 to 1968 and thus secured an independent source of cash income. Previously they had been totally dependent on wage work (since those who owned some land had mortgaged it to the money-lenders to get ready cash to meet certain contingencies), and when wage work was not available during the off-season they had had to go begging or starve. Thus they were under the control of the village rich, since their very survival was dependent on the employment and 'charity' provided by the rich, land-owning section of the population.

The milch business reduced their dependence and also provided them with a definite work routine. However, with the increase in the number of families maintaining milch cattle the problem of the fodder supply came to a head. The land-owners resented the fact that the Mahar labourers were using the grass collected from their land to feed the buffaloes and thus to earn a cash income and become somewhat assertive on the strength of it. As the complaints and threats grew, Mr V felt the need to make alternative arrangements for the fodder supply.

All the Mahar families taken together actually owned some 125 acres of land, but it was all mortgaged to the money-lenders and the outstanding loan amounted to Rs 150,000. The majority of the Mahar land-owners had very small holdings (see Table 6).

Table 6. *Sizes of Landholdings Owned by Mahar Families*

<i>No. of acres owned</i>	<i>No. of owners</i>
.01- .2	35
.21-1.0	4
1.01-1.2	4
1.21-2.0	3
2.01-3.0	4
3.01-4.0	9
4.01+	5
Total	64

Source: V.D. Deshpande, *A Study of VFS*. Typed report written in Marathi. Poona, 1980, Chapter V, p. 3.

The owners had neither the means nor the capacity to negotiate with the money-lenders, repay the loans and have their lands released. Mr V, however, could easily negotiate with the money-lenders, and through donations and deposits he raised the amount needed to repay the loans and arranged for the release of the lands. The size of the holding was, in the majority of cases, less than half an acre, and furthermore the Mahar families did not have the necessary implements, draught animals and know-how to develop the land and bring it under profitable cultivation. Under the circumstances it was agreed to form a joint cooperative farming society, and Mr V initially provided the necessary working capital, technical know-how and other requisites.

The society was formed in 1968 and had 110 acres of land. In 1980 it had 109 members and a total area of 156 acres, of which 125 were irrigated. Thirty-five acres were under sugar-cane cultivation, twenty-five acres were under jowar cultivation and another twenty-five were used to grow wheat, while cotton was cultivated on ten acres. A few were used to grow grapes and betel vines.²⁰

2.2. *The Organization of Work in the Cooperative*

The members own the milch cattle individually, and their only obligation is to

deliver all the milk to the MSCS; thus they devote part of their working time to managing the milch cattle and receive their incomes individually. Some of the members have salaried jobs; the majority works on the VFS and/or does wage labour outside it. As the area under irrigation and intensive cropping has rapidly increased during the last decade, wage employment is generally available in the village. The VFS is therefore not under pressure to provide work for all the VFS members. In 1978-79 the work done by the members on the cooperative contributed about 40 per cent of the total wages earned by the workers; the rest of the wage earnings were received for wage work done outside the cooperative.²¹ In 1982 it was reported that twenty-five male members had agreed to work on an annual basis on the cooperative farm and to attend to such duties as irrigation, watching, supervision etc.²² It was also reported that about twenty men and thirty-five women were working on a daily wage basis. The society employs casual workers as and when the need arises. In 1978-79 about 30 per cent of the total work hours were reportedly contributed by outside labourers.²³

It was noted that the VFS members are not enthusiastic about working on the joint farm. The wage rates are generally fixed on the basis of the wage rates prevailing in the village and are not particularly attractive. The members try to avoid arduous tasks and heavy work and show more interest in easy assignments. Because of the lack of adequate worker participation, the schedule that had been established for planting grape-vines could not be adhered to, and development work on some of the plots lagged behind. It was reported that if the members could be encouraged to put their greatest efforts into the VFS farm, this would definitely create a potential for increasing productivity. There is, however, no urgent need to develop and cultivate all the land intensively, and thus to provide full employment to all the workers, since wage work is readily available in the village.

2.3. Income

The VFS members' main source of income is the money they receive for the milk they sell.²⁴ In 1978-79 the average annual income was estimated to be about Rs 6,000 per family (see Table 7). About 47 per cent of that income was obtained from milk sales, 23 per cent from labour and 9 per cent from land rents.²⁵ Another 8 per cent was obtained from private farms (i.e. farms owned by the families that, after joining the cooperative, purchased their own piece of land, and from land rented by thirteen families for cultivation) and 13 per cent from salaries and other sources.²⁶

Table 7. Annual Incomes of Families of VFS Members

Annual family incomes (in Rs)	No. of families
0- 3,000	19
3,001- 5,000	14
5,001- 7,500	14
7,501-10,000	10
10,001-12,250	6
12,250+	6
Total	69

Source: Deshpande, *A Study of VFS*, Chapter VII, p. 6.

It was noted that the annual income was below Rs 3,000²⁷ in the case of 30 per cent of the families, and that while little improvement was experienced in their situations, the rest recorded definite increases in income levels of more than twice the earlier levels in many cases. Considerable inter-family variations in incomes were noted due to the differences in the number and type of milch cattle owned by the individual members; this was in part dependent on the number of members of the family who were working.

In 1982 it was noted that 103 out of the 109 members of the VFS owned milch cattle and that the number of cattle per family varied from one to four.²⁸ Some of the families were primarily engaged in agriculture and agricultural labour and owned only one or two cows. Families in which more members were working maintained four cows or buffalos, and a family with four cross-breed cows reportedly earned an average net income of about Rs 9,000-10,000 per year from the milch business.

If an average family with two earning members were to have worked exclusively as wage labourers, even under the present conditions – that is, when year-round gainful employment is available – its estimated income would have been about Rs 2,500 in 1978-79 and around Rs 3,600 in 1982.²⁹ Thus substantial improvements in income levels were achieved after the cooperative was formed. This improvement is reflected by the rise in the standard of living: such durable goods as radios, wrist watches and bicycles are purchased by many families. The diet has been improved by adding milk, butter milk, vegetables etc. to the daily meal, which previously consisted of millet bread and some chili powder or onions.

So far there has been little improvement in the housing situation. Families continue to reside in the Maharwada,³⁰ and because so many milch cattle are

kept in the housing area conditions tend to be unhygienic. The only improvement effected is the construction of latrines, which are located in an open space near the Maharwada. At present women, including those from the Maharwada, use the latrines. A cooperative society has been formed to construct small individual houses with a cattle shed. Taking advantage of the large cattle population, the scheme provides for a biogas plant. This will bring about a reduction in the amount of time spent daily in collecting the wood for fuel, and at the same time it will ensure a supply of better quality manure to the farm.

2.4. The Organization of the Cooperative Society

The full membership or general body of the society elects an executive consisting of eleven members for a one-year term. The executive elects a Chairman and meets once a week to take decisions on policy and planning matters. A meeting is held every night to discuss the scheduling and distribution of work. It is attended by the Chairman, some of the members of the executive and a few other members. The members of the executive are young, energetic and devoted. Their decisions are taken by consensus.

Two or three members of the executive are responsible for supervising the various kinds of activities – e.g. agricultural work, caring for milch cattle, machine maintenance and general administration. For an initial period of about six years the executive looked to Mr V for advice and guidance in all matters (including agricultural development, cropping patterns, budgeting, accounts, management etc.). However, the members progressively acquired the necessary technical and organizational know-how and no longer have to depend on Mr V.

All of the members of the VFS have a more or less equal status in the sense that they all belong to the Mahar community, they all had lost their land and they all were working as wage labourers. Furthermore, the majority owns only a very small plot, and they are aware that their economic viability is dependent on the cooperative.³¹ All the members initially lacked most of the skills needed to manage milch cattle or irrigated agriculture. However, they have acquired these skills through Mr V's guidance and improved upon them through daily practice. There is not much disparity among the members in terms of levels of skills and knowledge. Consequently relations between the members of the cooperative are relatively more egalitarian than those in most cooperative institutions, where considerable differences exist in the economic strength, social status and educational levels of the members, and the organizational

framework tends to be hierarchical and bureaucratic. It was, however, reported that since all the members of the VFS tend to have equal status, it is difficult for those in charge of supervising work to ensure that it is done properly; i.e. when members shirk their responsibilities it is not easy to enforce discipline. Favouritism or the formation of groups on the basis of *budakha* (i.e. kinship groups) reportedly disturbs the smooth functioning of the society. Certain problems - e.g. the lack of uniformity in the rate applied when the VFS purchases dung from its members, or the theft of fodder from the VFS farms etc. - reportedly increased after Mr V was no longer directly involved in managing the society.

2.5. *Can the VFS Model Be Replicated?*

The VFS is the only cooperative farming society in the village. Attempts are being made to encourage new members to join the society and reproduce the model, but the response is not encouraging. Efforts to form cooperative farming societies in Mahar communities in other villages are also being made. A special committee was formed for this purpose, and the committee members are doing spade work in other villages. So far, however, it has not been possible to begin establishing other cooperative farming societies in the area.

The VFS operates according to the rules of the market as modified by the government's stipulations and with the support of the cooperative institutions that handle credit, marketing and processing. The society does not use its farm produce to pay its members in kind. All the produce, including fodder, is sold, and cow-dung manure and the like is purchased by the VFS from its members. When fodder, jowar, vegetables etc. are purchased by the members, the price charged is worked out on the basis of market prices. A price somewhat lower than the market price is charged, since transport and handling costs are not incurred. Thus part of the produce is sold on the farm itself. Sugar-cane is delivered to the cooperative sugar factory, and the prices are set and stable. Similar procedures are followed for selling milk. In marketing grapes, the grape producers' sale society assists in sending the produce to the appropriate markets. Such farm inputs as fertilizers are supplied through the cooperative sugar factory and the village-level multi-purpose cooperative society. In this way the infrastructure of service and processing cooperatives and the rest of the cooperative network in the district has definitely contributed to the successful operation of the VFS.

There are several other specific factors that have helped the formation and development of the VFS. The cooperative was founded on the sole initiative of Mr V, who is a prominent land-owner in Migao village and enjoys special recognition there. He earned this recognition mainly through the leading and crucial role he played in the village-level cooperative lift-irrigation scheme. The scheme was set up by a group of medium-sized and large cultivators, but some of the powerful land-owners attempted to sabotage it and were manoeuvring to get it completed at their own private expense, so that they could later sell the water to the cultivators and earn a handsome profit. Mr V, however, who is not only influential in the village but also has wider political contacts, managed to out-manoeuvre the clique and thus ensured goodwill among the broad Maratha-Jain peasantry who benefited from the scheme.

Mr V has also made other conscious efforts to promote good relations between the Mahar community and the caste Hindus: during the 1972 famine, for example, when many of the land-owning cultivators were forced to seek wage work, Mr V organized a programme of land improvement on individual farms. The necessary funds were obtained through a foreign-aid agency, and about 1,300 cultivators and labourers from the village worked on the scheme. The organizational responsibility was assigned by Mr V to a team of young VFS members. Thus many caste Hindu cultivators worked under the direction of the Mahar youth, and in the process there was considerable social mixing. It is this goodwill and Mr V's influential position that enabled him to form a cooperative of Dalits without arousing *organized* opposition from the village Savarna peasantry, even though some of the leading land-owning families remained hostile. Thus his unique economic, social and political position was the major factor in organizing a cooperative of Mahars. Without it the Mahars would have been attacked and beaten if they had tried to free themselves from their age-old bondage.

The second factor was Mr V's financial strength and goodwill. He personally extended large interest-free loans and helped collect donations³² from other places in Maharashtra State and from foreign-aid agencies if and when the need arose.

Although Mr V provided the technical know-how and managerial help in the initial stages, he did not want to maintain control of the society; instead he helped develop skills and initiatives among its members. Thus his leadership alone made it possible to establish and stabilize the VFS. Had such powerful and at the same time devoted leadership not been forthcoming, it would have been difficult to organize a cooperative productive organization among the untouchables, who are the weakest group in Indian society.

The third major factor that enabled the establishment of the VFS was the potential for agricultural development in the river basins in the Kolhapur and Sangli districts. Lift-irrigation schemes were used to tap the river water supply, and a sizeable area in this region was brought under irrigation. Outside this area, however, in the adjoining *taluka*³³ of Jat, for example, which is drought prone and lacks a major water source, the development of irrigated agriculture is virtually impossible. Unless irrigation schemes can be set up, the formation of a cooperative farming society cannot yield any substantial advantages to the small landholders.

All of the above-mentioned factors combined have led to the success of the VFS, and it would not be easy to replicate these conditions in such a way that cooperative farming could be spread over a wider region.

2.5. *Agricultural Technology*

Some improvements have been effected in agricultural technology in Maharashtra State, but no major strides have been taken. Such mechanization as the use of tractors for ploughing, the installment of pumps for lifting water and the use of trucks for transport purposes spread during the 1960s and 1970s, and to a certain extent it replaced bullock power and human labour. However, two major agricultural activities, weeding and harvesting, are still done by human labour. The shift over to mechanical power is observed mainly in the irrigated areas, where the presence of irrigation facilities makes intensive agriculture possible. Farming is not economically viable for the small farmers, who cannot take on irrigated farming and sugar-cane cultivation. Their economic weakness often forces them to lease out or mortgage their land to large land-owners and/or money-lenders and to depend mainly on wage labour. In the case of the VFS this problem was solved by forming a cooperative society; the required scale of operation was achieved by pooling land, and the requisite finance was mobilized thanks to the leadership of Mr V. Aid received from outside the society provided the VFS with the necessary means for arranging mechanical water lifting and procuring such equipment as a tractor with accessories, power sprays etc. At present only four bullocks are used on the VFS farm. Thus the VFS has been able to effect mechanization to the same extent as the large land-owners in the area, and it can therefore be competitive in farm operations.

As far as agro-processing is concerned, the timely development of a network of cooperative sugar factories in Maharashtra State has helped

eliminate the big business/industrial interests in the sugar industry. This has enabled the farmers in Maharashtra to establish themselves in this industry.

2.7. *The Social Impact of the Cooperative*

Apart from the substantial economic benefits derived by the members through the VFS, the social position of this community of outcastes has also changed significantly. The Mahars were traditionally considered untouchable and were always abused and insulted by the Savarnas. As an outcaste a Mahar could not enlist the services of the village barber nor have a cup of tea in the village tea stall. Over the last ten years the economic and social basis for these practices has been gradually eroded in Migao village (even though they still persist in many villages in Maharashtra State). The Mahars can send their children to the village school, and the children can mix with other pupils. They can talk with other *rayats* (i.e. peasant cultivators) and even visit their homes. They no longer have to serve as nearly bonded village servants. The Mahars have become land-owners, and like the other cultivators they have acquired social status.

The Mahar stereotype of an indolent, dirty, easy-going drunkard or thief is becoming eroded. Thanks to progress in their education and diversification in their occupations they have better chances of entering into the main stream of Indian life. Thus the cooperative has helped pave the way for their social assimilation and economic betterment and has also broken their feudal fetters. The VFS members are able to promote their own interests in a certain measure and are no longer totally subjugated by the landed rich. The attitude that one can strive for economic improvement through personal efforts, rather than simply accepting the traditional outlook of a birth-ascribed caste status, has taken root among the VFS members.

The members of the cooperative have been brought into the competitive milieu and have come to follow the rules of the market. Under these circumstances it is not possible to pay even lip service to certain cooperative ideals, such as the concept that members should recognize their social obligations and voluntarily accept certain limitations on reward, or that they should strive for equality in the wages paid to men and to women.

The members do not have much awareness of wider social or political issues, and in fact the approach is to remain apolitical. The members do not seem to be concerned with the plight of the untouchable community at large, as the following example shows. A few days before the VFS members were

contacted for a group discussion during the field-investigational work carried out in January 1982, ten untouchables had been burned to death in village T in Uttar Pradesh. When this issue was discussed with the members they did not appear to be particularly disturbed by the incident.

2.8. *Women in the VFS*

In 1982 only five of the 109 members of the VFS were women, and all of them were heads of their families. All the other women participated in the VFS as wives, daughters or mothers of male members. The traditional division of labour between the sexes persists: weeding and helping the men to harvest are the women's tasks, while ploughing and preparatory tilling, sugar-cane cutting and harvesting crops are the men's tasks. Similarly, in managing the milch cattle the men do the milking, while the women look after the animals (e.g. they bring them their feed, clean their stables etc.). When the men are not around the women help with the milking. The men operate and maintain the machines, but the women are totally ignorant in this regard. The women have, however, acquired a new skill: they have been trained to care for the grapevines, as they 'naturally' are deft and patient, but once again this is an extension of the sexual division of labour. The women do not participate in any decision-making functions and do not have any supervisory responsibility: they serve only as manual workers on the farm or as domestic workers in the house. They do not even attend the daily evening meetings held to discuss operational matters, since they consider this to be the men's work.

In 1980 a woman was elected to the executive, but she was not knowledgeable on any operational or managerial issues, did not take an interest in the workings of the society, did not attend the meetings regularly and did not participate in discussions and decision-making. Nominally she was on the executive, but her effectiveness was nil. In fact she was too old (sixty-five years) and uneducated to grasp the significance of the new organizational structure, and in effect there is no representation of women in any decision-making body.

The women are mainly responsible for looking after the milch cattle, and in addition they do farm work (either on the VFS or outside it). Thus they continue to be engaged by and large in individual occupations and have not been absorbed into the functioning of the cooperative. Even though they work and earn, decisions regarding family expenditures are taken by their husbands. The income from the sale of milk is received by them if the amount is small, but

the men collect the money when a larger amount is involved. With a few exceptions (i.e. when there is no male adult in the family) holding a title to land is the prerogative of the men. Men own property, receive land rents, control incomes and are accepted as the authority in the hierarchical family structure.

The organization of the VFS has not altered the traditional division of labour between men and women even in small measure. One of the major reasons for this is that the women are illiterate and uneducated, and they are born and brought up to play a subordinate and passive role in the family and in society. Unless special efforts are made to improve their education and to inculcate their confidence in taking up some position of responsibility, they will remain in a subordinate position. When enquiries were made about this, it was observed that a couple of meetings were organized for educational purposes, but the stress at these meetings was on health, child care, sewing and the dairy business, and not on mechanical skills, marketing and other farm-related business tasks. The reason appears to be that the organizers, and in particular Mr V, accept the basic Hindu ideology regarding the women's position in the family and in society, in which the women are valued and respected as 'mothers' and the men are considered the bread-winners and protectors of the family - i.e. the wife and children. The women are expected to revere their husbands (as if they were God) and be modest and dutiful. The model accepted by Mr V is one of 'harmony' in which there should be harmonious relations without conflict (even between castes). Thus the women are encouraged to perform their tasks more efficiently but not to enter into the 'men's sphere'. In this way the very approach of the organizers puts serious limitations on possible changes in the role and position of women after they have joined the cooperative.

Some changes are, however, noteworthy, and these emanate from changes in the social and economic position of the Mahar community. A few illustrations will be given below in order to indicate the direction in which the community is moving.

The women feel a marked change in their position as workers: when they work on the VFS farm they are not ordered around or abused. While at work they can even relax for a few minutes without being apprehensive about a wage cut or a shower of insults. Even when they do wage work on other farms, the village rich cannot take them for granted. In 1955 an incident occurred where one of the Mahar women was raped in broad daylight, but neither her family nor the community could make a protest. At present the women cannot be attacked or molested with such impunity.

Some changes within the family are also noteworthy. Formerly drunkenness and wife beating were widespread. The new work routine and improved standard of living, together with social pressure, have helped to decrease the incidence of drunkenness. Wife beating is an issue for discussion, particularly when visitors from cities come to see the project and meet the women. General awareness of the problem has subsequently increased, and the incidence of wife beating is on the decline.

In the Mahar community the custom of Devdasi is one of the most complex and vexing problems. After the VFS was established, Mr V and some of the young members of the society felt a need to tackle this problem. The Devdasis are not accustomed to hard manual labour in the fields, and they have no education or skills. Nevertheless they were requested to join the work teams and were paid regular wages, but they were not pressed to work a full day in the fields. They were allowed to take on the work that suited them, to adjust to the new situation and to get used to their new way of life. Young girls from Devdasi families are encouraged to get married, and some financial help (Rs 500) is offered to meet their marriage expenses, so that they will not be offered at the temples to serve the Goddess Yellāma. It is difficult to convince the Devdasi families not to offer their daughters to the goddess, as it is considered their religious duty to perpetuate this custom. Some of the village rich who find this institution to be to their advantage also put pressure on the Devdasis, either by telling them not to commit a 'sin' but to fulfil their religious obligations or by offering them money. The VFS has, however, succeeded in rehabilitating some of the Devdasis and in preventing some new recruits. The young Mahars are keen on breaking this tradition, and their efforts have gained some ground.

The processes of socio-economic change and of the acquisition by the Mahars of *rayat* status have led to their inclusion in the sanskritization process. An example of this is provided by the women who have taken to performing some of the religious ceremonies which traditionally were performed only by the upper castes. A shift to upper-caste customs is also seen in the dowry system. Traditionally when a daughter was married off, the lower castes and communities would demand a bride-price, since they owned little property the daughters were valued as working hands. Among the upper castes, however, the daughter's parents had to offer a dowry in order to marry off their daughter. During the last few decades the custom of providing a dowry has been spreading to other castes, and now that the Mahars have become *rayats* they are also switching from asking a bride-price to offering

dowries. Because of this the birth of a daughter in a family may entail a financial burden.

3. THE FISHERMEN'S COOPERATIVES IN KERALA STATE

Kerala State is a leading maritime state in India. Its coastline is 590 kilometres long, and it has a network of rivers and lakes. The coastline is dotted with many protected bays, estuaries and natural harbours. There are about 250 fishing villages on it, and in 1981 the estimated population of fishermen and their dependents was about 770,000. There are about 160,000 active fishermen, nearly 75 per cent of whom are marine fishermen. The fishermen belong to three major religious groups: the Hindus (40 per cent), the Christians (35 per cent) and the Muslims (25 per cent).

Fishing is an important economic activity in Kerala. Fish has always been the major source of protein for the mass of Kerala's population. It was a cheap source of protein and easily available to the people. However, the 'blue revolution' or modernization introduced in the fisheries sector in the 1950s has changed the entire scenario.

Far-reaching changes took place with the launching of an Indo-Norwegian project in the early 1950s. The project aimed to bring about an increase in the income of the fishermen through mechanization, i.e. through changes in the technologies of the boats and gear and through improvements in processing and marketing techniques. Three villages in Quilon district were selected for this purpose. The possibility of mechanizing the traditional canoes and catamarans was ruled out, and new, mechanized boats were introduced under the project. In addition a new Sales Organization was set up. Because of its internal structure and economy, however, the fish supplied by it was too expensive for the local consumer. Some conflicts also arose with the local middlemen and large merchants.

A solution to this problem was found by shifting to fishing for prawns for export to the United States in frozen form. Bottom trawl nets were introduced, freezing plants were set up and trade contacts were established in the United States. By the early 1960s fisheries had become a sector with an enormous export potential and handsome profits. Consequently industrial capitalists - big business houses and multinational corporations - entered the fisheries sector. In the beginning they operated only as capitalist merchants, buying the processed product and exporting it under their brand

name. Gradually they expanded their operations by investing in production facilities and undertaking fishing and processing themselves. A high degree of technological sophistication, which led to large investments and high costs, resulted in high productivity but also created high pollution and a high rate of depletion. The mechanized deep-sea vessels used by the industrial capitalists are designed for fishing in waters deeper than fifty metres, but ingresses in the inshore areas are noted particularly when certain catches – for example prawns – are being sought. The business is oriented mainly towards the international élite market, and because of its large scale its operations are threatening the traditional fisheries sector and the poor village consumers.³⁴

The traditional fisheries sector uses non-mechanized boats. The fishing community has evolved their boats and gear and their fishing techniques over the course of centuries, and these are the best suited to the local conditions. Their major asset has been the knowledge they have accumulated about fishing, i.e. about fish spawning and migration and about the waves, currents and stars. Due to the limitations of their technology their operations are restricted to the shallow waters near the coast, which are rich in smaller species of fish; the low productivity of their operations precludes the danger of depleting the fish resources. Since investments and operational expenses are low, even though productivity is also low the fish prices remain within the reach of the mass of rural consumers. The traditional sector has met a significant part of the rural population's need for protein by supplying sardines, ribbon fish and anchovies. However, these low-priced species of fish are also being caught by the large operators and used as inputs for manufacturing fish-meal. This had led to the impoverishment of the fishermen and of the rural consumers. The fishermen's cooperative is trying to fight against this threat, since it jeopardizes the cooperative's very survival.

3.1. The Genesis of the Fishermen's Cooperative

The cooperative organization of fishermen which was chosen for the study is located in Trivandrum district, the southernmost district of Kerala State. In 1981 there was a network of thirteen fishermen's cooperative societies (in a group of twenty coastal villages), which were united into a federation.

There are forty-six fishing villages in the district, which has a total population of about 150,000. The fishing villages are densely populated and have highly unsanitary conditions. The clustered thatched huts pose the risk

of mass destruction by fire. The close clustering gives a feeling of togetherness, but at the same time it occasions quarrels and bickering. The men go to sea to catch the fish, while the women stay on land and hence they play an important role in the community. Traditionally the women's function was to carry the fish to the market, where it was sold directly to the consumer. Besides this they carried full responsibility for housework and bringing up the children.

In 1960 the Trivandrum Social Service Society (TSSS) was organized by Bishop P to help the underprivileged in his Diocese, a major section of which belonged to the fishing community. The TSSS launched a scheme for supplying boats and nets to fishermen in order to help increase their earnings. It was expected that the costs of the equipment could be paid back because productivity would increase. There were no improvements, however, and repayment was not forthcoming. The TSSS felt the need to gain a deeper understanding of the basic problems, and with this in mind it launched a new experiment: a new settlement of fifty fishermen's families was established. The TSSS helped with housing, and its volunteers stayed in the new village and initiated various programmes - e.g. a health programme, a savings scheme, clubs for boys and girls, a nursery and a creche. The aim was to initiate an informal educational process to broaden awareness and confidence and thus to initiate change. However, after about seven years of sustained work the TSSS began to realize that 'no amount of community building would be effective and truly liberating if the economic matrix was not radically reorganised'.³⁵

3.2. The Economic Matrix

The fishing boats used by the fishermen in the southern part of Trivandrum district were mainly catamarans made by tying logs together with coir ropes. The fishing gear consisted of cotton nets which were used either in the shore areas or at depths of up to twenty fathoms. The fishing was done by a team of two to three persons.

The catch was generally auctioned on the beach by the middlemen to the merchants. Because 'The existing system of marketing through local curers, commission and forwarding agents leaves the working fishermen exploited and without any voice in the marketing of their own product',³⁶ the government promoted a scheme to establish fishermen's cooperatives in order to provide the fishermen with a better deal. In 1960-61 there were 280 fishermen's

cooperative societies with 38,590 members,³⁷ while by 1974-75 these figures increased to 1,038 primary societies and eighteen marketing societies. The former had a membership of about 109,000.³⁸ Thus on record the majority of the fishermen were within the cooperative network; but as far as their performance is concerned, a report by the Government of Kerala stated the following:

These [fishermen's cooperative] societies were registered with the main objective of providing them with mechanised boats so as to enable them to provide employment to members and also to increase production While providing them with mechanised boats, it was not carefully planned to provide them with sufficient working capital to meet the operational expenses of these boats. These societies being composed of poor fishermen could not raise sufficient funds to meet these working capital requirements and naturally they were forced to approach middlemen for the required fund. They borrowed funds at exorbitant rates of interest and some of them even pledged or sold the boats to these moneylenders. When money is borrowed from the moneylenders, one of the conditions stipulated by him is that the entire catches should be surrendered to him at a price fixed by him.³⁹

Thus the attempt to provide the fishermen with mechanized boats through government assistance and thus to make their business remunerative met with little success. In many cases ownership of the boats was transferred to the large merchants, and the fishermen remained enslaved. The cooperatives also faced a variety of organization problems: in 1975 it was noted that 60 per cent of the total of 1,057 fishermen's cooperative societies in Kerala State had invalid boards of directors, and that the majority of these did not arrange meetings of the general body or meetings of the boards, as required by the by-laws. Furthermore, audits of the accounts of most of the societies indicated that they were heavily in arrears. In fact the approach in setting up the cooperatives had been strongly target oriented, as were many other government-sponsored programmes, and there were even societies that only existed on paper. These hardly involved any fishermen and were established only to meet the targets.

The programme launched by the government was not formulated on the basis of research on the problems faced by the traditional fishermen. It actually was not even oriented towards solving such problems, but was directed at modernizing and mechanizing⁴⁰ the business in order to increase the catches and promote exports, so as to raise the foreign-exchange earnings. The larger merchants and the business houses reaped the benefits of the modernization schemes, whereas the traditional fishermen were left high and dry. With the exception of the introduction of nylon nets and aluminium hooks in the early 1960s, no significant changes were effected either on the boats or in the gear.

At present the output of the traditional sector continues to be determined by the number of boats and of fishermen, by the kind of gear used and by the vagaries of the sea. The merchants *cum* money-lenders charge heavy interest rates, or else they pay less than the agreed amount; the auctioneers demand arbitrary charges, and the fishermen lose heavily on all these transactions.

3.3. *The Fishermen's Cooperative in N'purum*

The cooperative society in the village of N'purum⁴¹ was registered in 1967 in order to meet the above-mentioned challenges, but it only existed on paper and was reorganized in 1970 on the initiative of the fishermen's collective.⁴² The establishment of a cooperative by the village fishermen for selling their catches threatened the interests of the middlemen, who raised a hue and cry against the fishermen, alleging that the fishermen's hook-and-line method of fishing was depleting the waters along the beach. The parish priest, the local politicians and some other officials joined the attack, and the fishermen had to accede to the demand to abstain from going out to sea during December, January and February. However, within a fortnight of applying this restriction they were hard pressed for bread, and the money-lenders approached them with the suggestion that the ban could be lifted if they agreed to auction the fish through them. At this point the fishermen realized what kind of game was being played and decided to fight back: 'It is more honourable for a fisherman to die fighting for his rights in the sea which is the source at his living rather than starve to death on the land.'⁴³ It was in this spirit that they lined up their catamarans on the beach and fought off the opposition.

The cooperative in N'purum village had fifty members when it started; by the end of 1979 membership had risen to 327, and the cooperative's capital amounted to Rs 21,340. At present the cooperative receives many applications for membership but cannot admit new members because it lacks sufficient funds for extending loans to them.

All the members of the cooperative are required to sell their fish through the cooperative. The cooperative then appoints salesmen who auction the fish on the beach for the members. During the period of bumper catches the cooperative buys part of the catch and sells it in inland villages. An experiment with selling fish directly to the consumer was started in 1974-75. Cleaned and packed fish was sold from a mobile fish van at one location in Trivandrum city, but the city municipal corporation was not willing to issue a permit to set up

booths in different parts of the city, so the experiment could not be continued.

The practice when marketing varieties of fish which are destined for export is to collect the exportable catches from the members and sell them to the export companies that offer the highest price. Occasionally the export companies delay paying for the fish, which jeopardizes the smooth functioning of the cooperative. Similarly large amounts of credit get tied up with merchants, thus creating operational problems in the cooperative. In 1978-79, for example, Rs 10,000 were outstanding with an export company at Quilon for seven months. The cooperative's members had to stage demonstrations to recover the amount due.

The cooperative extends loan facilities to those members who sell their fish through the cooperative for a period of at least six months. Loans ranging from Rs 500 to Rs 1000 are extended, and the fishermen take a deduction of 10 per cent on each fish sale in order to repay the loan. Thus about 60-70 per cent of a loan is repaid within one year. About Rs 280,000 had been disbursed as unsecured loans by the end of 1979. The cooperative also provides the facilities for buying fishing equipment (i.e. nylon thread, hooks, plastic ropes, floats etc.).

The activities of the cooperative have also become more diversified. Since 1974 a fair-price shop has been run under its auspices, where sugar, kerosene and cereals are sold. In 1973 the cooperative was instrumental in starting a housing-construction project to provide houses for homeless fishermen. Furthermore, with the help of the Indo-German Social Service Society and People's Action for Development, India, an experiment with the mechanization of traditional fishing craft was started in 1974-75, but it had to be given up a year later for want of continued cooperation from the aid agencies. In 1978-79 an ice-plant *cum* cold-storage unit, which belonged to the Department of Fisheries but had been out of use since 1970, was acquired on a lease basis and repaired at considerable expense. The International Pawning Society of Italy helped the cooperative by providing Rs 35,000 to start a pawning scheme. The TSSS helped to construct the marketing centre, and the Programme for Community Organization gave assistance by providing an insulated van.

As far as educational activities are concerned, various classes on cooperatives and related topics were conducted for the fishermen with the help of the Kerala State Cooperative Union and the Programme for Community Organization. However, 'time has to prove whether the education against exploitation and capitalism has brought about any lasting change in the consciousness of fishermen.'⁴⁴

3.4. Organization of the Cooperative

The cooperatives are managed by a board of directors which is elected by the general body. Since only the working fishermen are admitted to the cooperative, the membership is relatively homogeneous, and thus the cooperative operates fairly democratically. The board of directors includes four representatives from among the fishermen and three nominees from the government. The cooperative employs a paid secretary, a marketing assistant, a sales manager, some salesmen and some office assistants; responsibility for day-to-day affairs lies with the educated, paid employees. Since the fishermen are busy working at sea, they hardly can devote any of their time to managerial work, so participation by them in running the cooperative is limited. The women are also not involved in running the cooperative, even though they are active in marketing the fish.

The major gains of the cooperative are in the economic sphere. The provision of loans to the members so that they can buy more equipment has helped to increase fish production, and better prices have been secured by linking credit to marketing; in this way definite improvements in the income levels of the members have been recorded. The average annual income of the fishermen in the N'purum area was about Rs 4,000 in 1978-79, whereas the incomes of members of the cooperative were reportedly 60-70 percent higher than this. It may also be possible to increase the members' earnings through new investments. The fishermen are aware of this and 'want to accumulate', and they therefore prefer to increase their gains rather than spreading the benefits over larger numbers of fishermen by admitting more new members. The challenge of competition with the modern sector is also forcing them to intensify capital. The need for improvements in fish preservation techniques, icing, packing and bulk transportation, as well as in the mechanization of boats and the like, is pressing, since if these are not made the fishermen cannot survive in face of the fierce threat from the large business houses.

The cooperative in N'purum and the neighbouring villages was organized on the initiative and with the support of the TSSS, and it has survived because of these special circumstances. It benefited from the constant support of trained and dedicated TSSS volunteers, and thanks to the social status and the political contacts of this well educated, urban, church-supported group, it was able to fight off the opposition of the local merchants, priests and politicians. In addition the TSSS volunteers mobilized financial aid from international and state agencies in order to help strengthen the infrastructure of the

society and, so to say, to 'keep up in the race'. Yet survival of the cooperative remains problematic due to the constant and ever-increasing threat of trawler fishing, which is cutting deeply into the fish supply. It was felt that because of indiscriminate fishing, particularly during the spawning period, the fish resources were becoming depleted. In June 1981 the fishermen started to agitate about this and demanded that trawler fishing be banned in the months of June, July and August, which is the spawning season for several species of fish. This struggle lasted for three weeks and included massive picketing of government offices, trains and other public services, a hunger strike and mass demonstrations. The struggle ended when a committee was set up by the Kerala State Government to give a 'scientific verdict' on the matter. The cooperative continues to fight, but its battle is a losing one: the forces of modernization and mechanization are too strong for traditional fishermen to withstand.

3.5. *Women in N'purum Community*

There is a clear sexual division of labour in the fishing communities: the men go to sea, and the woman manage the money and the home. Many women also take responsibility for marketing the fish. The fish is carried in headloads to the village markets, and the distance is covered on foot. The women do not use bicycles and are not allowed on public buses because the fish smells. Nearly the whole day is spent walking back and forth to bring the fish to the markets. Consequently they have little time for household chores and for looking after the children, let alone for their own leisure.

Faced with this problem, women from the twenty villages where the fishermen's cooperative had helped build up some confidence and strength launched a struggle to get permission to use public transport facilities. They demanded that special arrangements be made to have the fish carried to the market by bus and that cold-storage and ice-plant facilities for preserving the fish be provided by the government. Pressure on the government mounted when its offices were picketed and demonstrations and corner meetings were staged, and in the end the government asked the cooperative to propose a transport route. The cooperative made a survey of the fish vendors and fish markets and suggested a route, and after the fishermen had made persistent demands and exerted continuous pressure for nearly two years, the government agreed to put two special buses into service for transporting fish.

The women have organized themselves into a *Mahila Samajam* (or

women's organization). Most of the women in N'purum village are members of it, and an average of half attend the monthly meetings. A committee of seven elected members is responsible for the day-to-day functioning of the *Samajam* and acts as a liaison between the various village-level programmes organized by the community – e.g. health schemes, nurseries and creches – and the users/beneficiaries of these programmes. In other words the committee members talk to those who use the programmes and try to learn about the difficulties that may arise and then try to work out solutions with the organizers of the programmes. The *Samajam* functions as a pressure group in tackling such village-level social problems as the pawning of ration cards, the illicit distilling of liquor etc. It has also started to run such services as a credit union, a nursery school and evening classes for children.

Because the fair-price shop in the village was not providing regular and adequate supplies, the women undertook a struggle to obtain a license to run such a shop themselves. Matters improved when they got the license, but this did not last for long: they soon found that the supplies obtained from the government depot were in short measure, and they demanded the right to weigh the stock supplied to the fair-price shop. The authorities threatened to cancel the license on the pretext that the shop was not properly managed, but when the inspector tried to put his official seal on the shop⁴⁵ the village women '*gheraoed*' him, i.e. they surrounded and detained him, and thus prevented him from putting on the seal. After persistently struggling against the bureaucracy and the entrenched interests the women asserted their right to receive full rations and got properly weighed supplies from the depot.

The experiences of these struggles and of the organized activities promoted self-confidence and gave the women the will to stand up for their rights. Furthermore, the cooperative endeavour and consequent improvement in their earnings also gave them a sense of human dignity. While previously they would have held out their hands when they were in need, they are now able to fight back. Formerly the women, under the influence of the church, took pride in devoting their time to such social work as caring for the sick, but now the *Mahila Samajam* is concerned with social issues and cooperative activities. Yet the basis of the socio-economic milieu in which they are operating puts severe limitations on the changes that can be effected in some of the fishing villages where cooperative and community activity has developed. Such limiting factors include the nature of the economic activities and the division of labour between sexes. The man's position as the head of the family remains firm, and a girl in the family continues to be a liability because the dowry

system persists. With the spread of education the size of the dowry demanded by an educated man, if he has a salaried job, has increased considerably. Because the women are subordinate in the family, by and large they accept beatings and abuse as facts of life and do not resist. As long as the basis of the family structure, the structure of property ownership and the division of labour between sexes is not challenged, the women can take only a few steps along the path towards equality through the cooperative endeavours.

4. CONCLUSION

The ideology of cooperation - i.e. of a cooperative society made up of the weak and the poor - appeared to be most attractive to the developing countries because their poverty problem was very acute and widespread. The cooperative organizations were expected to bring justice and redress to the weak without basically disturbing the property structure. The formula was that the poor would pool their resources and the state would extend some aid, since the resource base of the poor was too meagre to provide even a bare subsistence income. Experiences with cooperatives in India point to the basic untenability of this approach. When the poor pool their resources, the technical problems which hinder the absorption of new investments are removed, but this does not alter the initial economic conditions of its members; e.g. they are still unable to generate investible funds. The possibility of building up capital assets by utilizing the members' 'idle labour' is often mentioned, but the members are very poor, their incomes being below the subsistence level. Therefore if a certain increase in the number of working days - and hence in earnings - is achieved with the help of government subsidies and other aid, there is obviously a desire to reach a certain minimum level of food consumption, rather than to set aside earnings for investments which would increase their earnings in the future. Substantial aid is needed, as was noted in the case of the VFS, even to achieve economic viability. It was only through the development of intensive irrigated agriculture coupled with the milch business that the one hundred-and-odd members of the Society could be provided with adequate earnings on the basis of 150 acres of land. Furthermore, as the cooperative has to operate in the competitive milieu, it has to follow the rules of the market in its wage policy and investment policy so as to maintain its viability. Consequently little margin is created for the development of the cooperative ethos in its own operation. It was noted in the case of the VFS that

the members often prefer to do only the easier tasks for the cooperative and employ outside labour for difficult jobs. There is a pressure to increase the land rent rather than wages or investments.

The problems faced by the fishermen's cooperative are more acute. The fishermen have been able to develop a viable unit on the strength of aid received from official and other agencies, but because of technological changes their very survival is threatened by the mechanized modern sector. They are fighting to protect their rights, but as they have to face the world capitalist forces, obviously the chances of survival are slim. At best such model cooperatives can offer their members a better deal; they cannot play any dynamic role in accelerating the process of social and economic change by widening their sphere of influence and/or inculcating the cooperative ideology.

Cooperatives can play a dynamic role in India only if the structure of property relations is changed. When the means of production are socialized, the role of the cooperative changes from being merely a protective and defensive organization, because the state takes over responsibility for satisfying the basic needs of the society. The cooperative is no longer a mere instrument for effecting the objectives of certain 'group interests' or for implementing the economic and social policies of the state: it takes on the role of helping to remould the individual and establish collective ties by means of all its functions. The cooperative operates under the premise of a planned economy and does not have to face the problems of market uncertainty or technological disjunction. The cooperative movement carries out significant functions and fulfils the tasks entrusted to it in the interest of the society as a whole, within the specified sphere of its activity and under public control. At the same time the involvement of a socialist cooperative in the planning process entails a delimitation of an autonomous sphere of cooperative activities as well as the determination of responsibility for tasks which are done in the public interest.

Another important principle is that the need for efficient, modern management is combined with increasing social security for the cooperative's members. The social security gained by the members creates the principle of a unity of economic, social, cultural and moral aims in cooperative activities. Vertical and horizontal integration and the processes of concentration are guided in such a way that (a) integration does not go beyond the point where cooperative democracy is unable to work efficiently in decision-making, management and administration and (b) integration does not impair the combination of direct and indirect democracy.

NOTES

1. The abbreviation 'VFS' is a fictional name which will be used throughout this paper to protect the identity of the farming society.
2. A 'basic holding' was considered to be equal to one third of a 'family holding', which was defined as a farm that provided full employment to the average-sized family. See *Report of the Congress Agrarian Reforms Committee*, J.C. Kumarappa, Chairman. All Indian Congress Committee, New Delhi, 1949.
3. Programme Evaluation Organization (PEO), *Studies in Cooperative Farming*, Planning Commission, Government of India, New Delhi, 1956.
4. Similar findings are recorded in many other studies. See, for example, H. Laxminarayan and Kissen Kanungo, *Glimpses of Cooperative Farming in India*, Asia Publishing House, Bombay, 1967, p. 126: 'The study indicates that most of the existing cooperative societies in U.P. and Punjab are not genuine. They are either family cooperatives or are societies with a large proportion of members engaged in occupations other than agriculture.' See also Daniel Thorner, *Agricultural Cooperatives in India, a Field Report*, Asia Publishing House, Bombay, 1964, p. 36: 'A very large number of cooperative societies are in effect owned exclusively by influential families with a bogus membership of some outsiders to give them the appearance of cooperative bodies.' And see also K.M. Chaudhary *et al.*, *An Assessment of Cooperative Farming Societies in Gujarat and Rajasthan*, Agro-Economic Research Centre, Vallabh Vidyanagar, 1972, p. 304: 'The initiative for the formation of the joint farming societies in almost all the cases under study emanated from the big landlords ...considerations like circumventing tenancy legislation and stipulations on land ceilings and the desire to exploit small tenants and agricultural labourers as also to take advantage of the various aids given by the government. . .supplied powerful motives for the organisation of cooperative joint farming societies.'
See also Government of India, *Report of the Working Group on Cooperative Farming*, New Delhi, 1959, Vol. II, p. 1-68; S.K. Goyal, *Some Aspects of Cooperative Farming in India with Special Reference to Punjab*, Asia Publishing House, Bombay, 1966, p. 127; and H. Amir Ali, 'Cooperative Farming in Bengal', *Indian Journal of Agricultural Economics*, Vol. XIV, No. 3, 1959.
5. A.C. Ray, *Cooperative Farming in India*, P. Ghosh and Co., Calcutta, 1978, p. 23.
6. Government of India (Gadgil Committee), *Report of the Committee of Direction on Cooperative Farming*, New Delhi, 1965, p. 24.
7. The guidelines in the Third Five-Year Plan were that: (a) the bulk of the members should be small cultivators or landless labourers or both; and (b) membership in the society should be limited to those who were prepared to work on the farm or on its ancillary activities.
8. Government of India (Gadgil Committee), *Report of the Committee*. . . , pp. 284-286.
9. S.P. Mohite, *Cooperative Farming in Bombay Province*, Government Central Press, Bombay, 1947, pp. 28-31.

10. 'Control of the cooperatives tends to rest in the hands of a few of these land holding families. Often they do some informal moneylending, and sometimes they carry on trading as well.' Thorner, *Agricultural Cooperatives*. . . , p. 33.

11. *Report of the All India Rural Credit Review Committee*, Reserve Bank of India, Bombay, 1969, p. 253.

12. Y.J. Mohite, *The Cooperative Movement in Maharashtra State: a Reappraisal*, Minister for Cooperation, Maharashtra State, Bombay, 1970.

13. Mohite, *The Cooperative Movement* . . . , p. 213.

14. In Maharashtra State the statutory minimum number of members in a society is ten, and the statutory minimum size of a farm unit is fifty to sixty acres in the case of dry land, or twenty-six to thirty acres in the case of seasonably irrigated land, or twelve to fifteen acres in the case of paddy land.

15. In 1971 the erstwhile untouchables - now known as Dalits - formed about 12.5 per cent of the total population of the state. The Mahars accounted for 69 per cent, the Mangs for 15 per cent, the Chambhars for 10 per cent and the Dhors, Bhangis etc. for 6 per cent of the total Dalit population.

16. *Baluta* is a share of the crop produced that is fixed by custom and given by the cultivators to the village artisans - e.g. the carpenter or potter or those providing certain services, such as the barber or the village servants (who were Mahars). The cultivators give this share in return for the non-agricultural services the artisans render to the cultivators in the village.

17. *Watan* is a piece of land given in perpetuity (with the right to cultivate it and enjoy its produce) to village servants or artisans in lieu of the services they provide to the villagers or village.

18. 'Migao' is a fictional name used to protect the identity of the village that was actually visited.

19. This is the custom of offering young girls to the temples in service of the goddess Yellama; it has been prevalent in the parts of Maharashtra State that border on Karnatak. Traditionally the girls who served the goddess - i.e. the Devdasis - had to attend to temple duties and were assured of a livelihood through the temple's income. The temples were also the centres of culture, in particular music and dance, and the Devdasis were proficient in these arts. The artists were often under the patronage of kings and nobles. The Devdasis never could marry, and they were obliged to perpetuate this institution by offering their daughters in the service of God. Under the grip of colonial rule the role of the temples as cultural centres was lost, royal patronage disappeared and the Devdasis lost their traditional sources of income. Many Devdasis were consequently forced into prostitution to earn a living: as young women they were exploited sexually and when they grew older they became destitute.

20. These figures were gathered by the author during her field-work.

21. V.D. Deshpande, *A Study of VFS*. Typed report written in Marathi, Poona, 1980, Chapter V, p. 17. This is a report on the study made by Dr Deshpande in 1979.

22. This information was gathered by the author during her field-work.
23. The share of the cooperative members in the total wage bill was 70-80 per cent in the case of the cooperatives formed by the landless farmers and less than 10 per cent in the case of the cooperatives of large land-owners, many of whom were absentee landlords. See Government of India (Gadgil Committee), *Report of the Committee . . .*, pp. 53-54.
24. Deshpande, *A Study of VFS*, Chapter VII, p. 7.
25. Payment for the land given to the VFS by its members for joint cultivation is made at the following rates:
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|--------------|-----------------|
| A grade land | Rs 500 per acre |
| B grade land | Rs 400 per acre |
| C grade land | Rs 300 per acre |
| D grade land | Rs 200 per acre |
- In 1979 the average amount of rent paid per acre was about Rs 300. It was reported that there is pressure to increase land rents.
26. Deshpande, *A Study of VFS*, Chapter VII, p. 7.
27. In terms of 1978-79 prices the poverty-level income, as estimated by the Government of India's Planning Commission, was Rs 3,400 per year for an average-sized family. The annual income needed to meet critical minimum requirements was estimated to be Rs 5,100.
28. These figures were gathered by the author during her field-work.
29. In terms of 1982 prices the poverty-level income was Rs 4,900 and the critical minimum income was Rs 7,200 per family.
30. The 'Maharwada' is a residential area where Mahar families live. As Mahars were considered polluting, the Maharwada was traditionally located outside the boundaries of the main village, which was occupied by the Savarnas.
31. There was only one case of a member expressing the desire to leave the cooperative.
32. When about Rs 150,000 were needed to get the mortgaged land released, Mr V collected it through donations and long-term deposits. Aid for land development and planting grape-vines was also obtained from some foreign agencies. A tractor with the necessary accessories was secured as a gift from a group of Indians employed in the United States.
33. A district is divided into *talukas* for administrative purposes. The number of *talukas* in a district generally ranges between five and fourteen.
34. John Kurien, *Towards an Understanding of the Fish Economy*, Centre for Development Studies, Trivandrum, 1978, pp. 11-15.
35. *Ripples and Repercussions*, Programme for Community Organization, Trivandrum, 1977, p. 7.

36. Menon A. Sreedhara (State Editor), *Kerala District Gazetteers, Trivandrum*, printed by the Superintendent of Government Presses, Trivandrum, 1962, p. 359.
37. *Statistical Handbook of Kerala*, Bureau of Economics and Statistics, Government of Kerala, Trivandrum, 1967, p. 158.
38. *Statistical Handbook of Kerala*, Bureau of Economics and Statistics, Government of Kerala, Trivandrum, 1979, p. 297.
39. *Report of the Resuscitative Committee for Fishing Cooperatives*, Government of Kerala, Trivandrum, 1976.
40. The number of mechanized boats increased from 100 in 1960 to 2,640 by 1976, when the number of non-mechanized boats was about 30,000. In 1976 the total number of workers operating mechanized boats was about 15,800, while nearly 1 00,000 fishermen worked with non-mechanized boats.
41. 'N'purum', like Migao, is a fictional name used throughout the paper to protect the identity of the village actually visited and of its cooperative society.
42. The community was actually planning to build a church, as there was thought to be a need for one. In N'purum village it was customary to give about 5 per cent of the daily catch to the church, and the fishermen were willing to make such contributions in order to raise building funds. In the meantime, however, a discussion about priorities ensued, and the idea of putting the money into the cooperative for organizing the marketing of fish was put forward and accepted.
43. *Ripples and Repercussions*, p. 10.
44. *Ripples and Repercussions*, p. 10.
45. If the inspector had been able to put his official seal on the shop, whoever entered it would have been committing a criminal offence.



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