

FIVE YEARS OF
IRDP

History of the Co-operative Movement

1. 1 This chapter attempts a brief history of Co-operative Movement upto the evolution of the Comilla experiment. The Co-operative Movement in this sub-continent began with the adoption of co-operative Credit Societies Act of 1904. During the last quarter of the 19th century, the peasantry of the Indian sub-continent was passing through the worst time of their life mainly due to the scourge of famines caused by frequent failure of crops. Towards the middle of the 19th century, the rural economy became crippled due to the effects of colonial administrative policies. The British policy of using this country as a hinterland for development of British industries, the land tenure system which stratified the rural society into two classes, viz., the master and Zamindar class and the tenant class to serve the masters, and the laissez-faire agricultural development policy coupled with the whims and caprices of nature under which farming had to be done, degenerated the peasantry to a level at which they could hardly earn their livelihood from land.

1. 2 The rural people were illiterate. Except agriculture and other allied activities they had nothing to fall back upon. As the income from this source was meagre and very often negative as a consequence of natural calamities and resultant famines etc., there was very little scope for them to have savings. Under the circumstances they used to live a life of near starvation and death.

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Whenever any member of their family fell ill or attained the age of marriage or when harvest was poor or crops failed, gap between their income and expenditure further widened. To meet this gap for having one meal a day or to meet any social obligation and emergency need like medical treatment, they had to borrow from people who had money. The situation led to the emergence of a money-lending class in the society who found money-lending an easy and profitable way of investment. The borrower had to mortgage his land to the lender as collateral for the loans. The lender used to charge an exorbitant rate of interest on the compound basis. Loans were usually defaulted and the debts were paid off by liquidating the pledged land. This became a part of life as a result of which the rural peasantry was reduced into near landless and landless labour. The farmers were never free from debts. It has been said that the farmer was born in debt, he used to live in debt and he died in debt transferring the burden of debt on to his children.

1. 3 The sufferings of the peasants in the hands of the money-lenders reached their extremes and there were revolts and uprisings of the debtors against the creditors in different places. The Deccan Riots of 1875 brought the problem in the fore-front and its ripples were felt in the high pedestals of the British Government. As a long-run solution of the problem, the government decided to extend credit facilities to the farmers at a low and fixed rate of interest. The Land Improvement Loans Act of 1885, the Agriculturists Loans Act of

1884 for providing "taccavi" loans and a number of other special legislations for dealing with tenants' rights, settlement of debts and restraint on usury, were passed in different parts of the country.

1. 4 The efforts made by the then government through enactment of Deccan Agricultural Relief Act of 1870, Land Improvement Loans Act of 1883 and Agricultural Loans Act of 1884 only touched the fringe of the total problem. The need for immediately combating this deteriorating rural problem was first seriously appreciated by the Government of Madras, which sent Sir Frederick Nicholson to Europe, particularly to Germany, for studying agricultural banking there and suggesting measures for solution of rural problems in the Indian context. The reports of Nicholson which were published in two volumes in 1885 and 1897, recommending introduction of village banks of Raiffeisen type, were reviewed by the Government in 1899. Meanwhile, the Indian Famine Commission of 1901 strongly advocated for formation of agricultural banks in the lines of mutual credit associations of Europe. It was against this background that the Co-operative Credit Societies Act of 1904 codifying government support to the movement was adopted in the sub-continent by the government.

1. 5 Under the Act of 1904, which was subsequently substituted by the Co-operative Societies Act of 1912, village co-operatives with unlimited liability began to be organised throughout the country. With shares from members, deposits from local well-to-do persons, loans from central banks and the government, these co-operatives undertook

credit business and showed for some time spectacular signs of progress. But this progress of the movement in its initial stage was far from being what it was thought of by Raiffeisen who had wanted that, firstly, the bank must provide service to everyone in the village and bring the whole of the village life within its ambit; secondly, there must be constant interaction with the members and a genuine adherence to essential co-operative principles; and lastly, concentration on a few selected areas rather than wide multiplicity and diffusion should be aimed at. Further, in Raiffeisen's contemplation, village banks' credit operation was to be supervised with members' thrift deposit programme with close linkage between the two. But in actual practice, no importance was given to this vital aspect of the credit movement. The obvious result was that when the borrowing members of the co-operatives failed, as an aftermath of the international depression of the thirties, to pay up their dues, this not only crippled the already tottering backbone of the co-operatives but it also created quite naturally a disastrous feeling of distrust and disloyalty among the general public, particularly the depositors, towards the co-operative movement.

1. 6 As regards the co-operatives, particularly the provincial banks, central banks and primary agricultural credit societies which were dominant in the movement, their working condition and financial viability can be assessed from the percentage of the components to their working capital. During 1939-40, there were, in all, ten provincial banks,

and only 4.5 per cent of their working capital represented loans from government and 30 per cent represented deposit from member societies. In 1946, there were 601 central banks in India, and only 15.5 per cent of their working capital represented loan from government and provincial banks, and 64 per cent represented shares and deposits from member societies. The working capital of 1,24,000 agricultural credit societies as in 1945-46, comprised, among others, of individual members' shares and deposits to the extent of 17 per cent and central banks' loan of 51 per cent. From audit classification of the agricultural co-operatives for 1938-39, it appears that 10 per cent of them belonged to 'A' and 'B' types, 50 per cent to 'C' type and 40 per cent to 'D' and 'E' types.

1. 7 In Bengal, where the movement was supposed to be a little better than in the rest of the sub-continent, the general trend of expansion was the same. Here, in addition to thousands of existing agricultural co-operatives, a good number of non-agricultural co-operatives, such as, consumers' stores, fishermen's co-operatives, sugarcane growers' co-operatives and weavers' societies came into being during and after the World War II due to acute shortage of raw materials and consumer goods. But as soon as the war was over, most of these co-operatives became defunct. As regards the financial position and management of the primary agricultural co-operative during 1945-46, only 6.5 per cent of their working capital represented deposit from members. Only seven per cent of the societies were of 'B' type while there was none under type 'A'.

1. 8 This, in short, is the history of Co-operative Movement in the sub-continent till her independence in 1947. To review the working of the movement which was rapidly expanding on weak foundation and suggest measures for improvement, several bodies were constituted from time to time. The most important among them were the committee on Co-operation (1914) known as Maclagan Committee, Royal Commission on Agriculture (1926-27), Agricultural Finance Sub-Committee (1944) known as Gadgil Committee and Co-operative Planning Committee (1945) known as Saraiya Committee. These bodies made valuable recommendations for removing the weaknesses of the movement and re-organising it on proper lines. But the problems, especially after economic depression, turned so vast and acute that a simultaneous attack launched in a nationally planned and systematic way on all the problems rather than sprints or sporadic efforts, was necessary to attain any tangible result. In Bengal, however, an effort was made through passing of the Bengal Co-operative Societies Act of 1940 to adapt the movement to changed situations, but this had very little to do with the management and financial position of the co-operatives.

1. 9 It will be quite pertinent at this stage to summarise the reasons and circumstances responsible for the unsuccessful performance of Co-operatives for nearly half a century. These are as follows :-

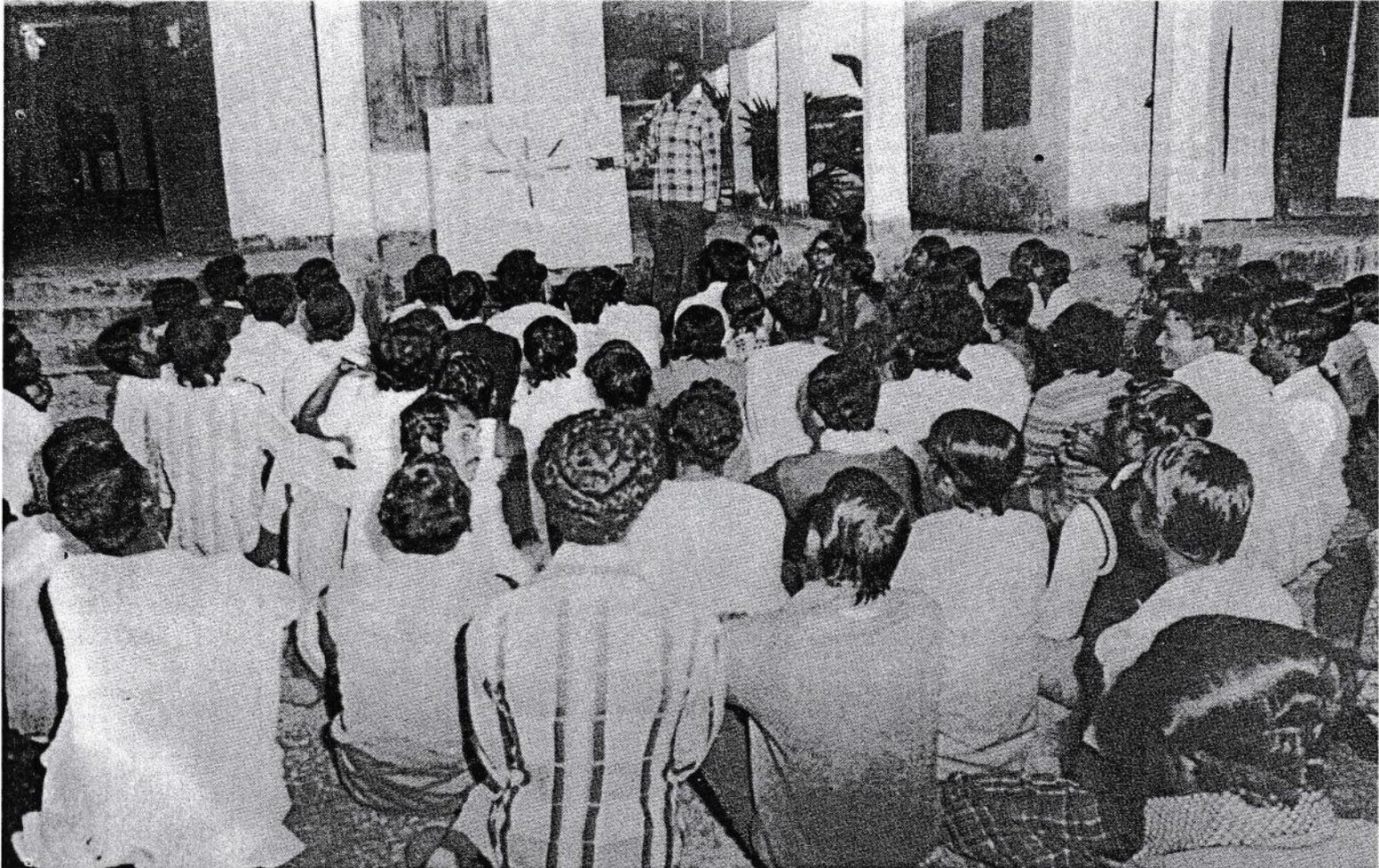
- (i) Absence of member-education programme, for which genuine leadership in and loyalty to the co-operatives did not generate.

- (ii) Too much emphasis on credit without a thrift deposit or education or supervision added to it; and negligence to other important aspects of economic activities, such as, marketing, supply and storage facilities, and absence of any programme for non-agriculturists, e.g. weavers and fishermen.
 - (iii) Little emphasis on direct production-oriented activities.
 - (iv) Rapid expansion of the movement without its experimentation in selected areas.
 - (v) Economic depression of the thirties and inclusion of co-operative dues for disposal by the Debt Settlement Board under the Bengal Agricultural Debtors Act.
 - (vi) Lack of adequate training facilities for office-bearers and employees of co-operatives and also for departmental officers.
 - (vii) Absence of clear-cut government policy on co-operation and adequate help and assistance from government and other nation-building bodies.
 - (viii) Lack of trained leadership from among the people to spear-head the movement.
- Among the external factors indirectly responsible for failure of the movement, mention may be made of poverty and illiteracy of the masses, uneconomic land-holding of the farmers, law of inheritance, joint family system and opposition from private traders and money-lenders.

1. 10 Historically the co-operative institutions owe their origin to the recommendation of the Famine Commission Report of 1901. The Commission forcefully advocated introduction of Mutual Credit Associations as a measure to combat the usurious rate of interest to which the peasants were tied by the village money-lenders who constituted the main source of supply of agricultural credit. Co-operative Societies Act came into being in 1904 at the instance of the government which confined the activities of co-operatives to the field

of agricultural credit only. Later on, Act of 1912 came into being to allow co-operative sale and service functions with higher level organisation. Lastly, Bengal adopted Bengal Act of 1940 to suit the requirements. Thus the co-operatives are the oldest institutions in the field of dispensation of agricultural credit.

1. 11 It was not the intention of the then government that government would be required to earmark funds to provide operational capital to the co-operatives.



The representatives of the village co-operatives attend weekly training classes in the TTDC where officers of different nation building departments take up classes relevant to their own fields.

The IRDP field officers frequently visit the villages and hold meetings of the villagers to motivate them for rural development through co-operatives.



Comilla Experiment and CDIRDP

2. 1 It has been observed that inspite of all the government efforts co-operative movement failed to achieve any break-through in improving the lot of the broad masses. In the early sixties, in this background, the then Pakistan Academy for Rural Development (PARA) at Comilla under the able and dynamic leadership of Dr. Akhter Hameed Khan, made an experiment to evolve a model for rural development which would be suitable to the socio-economic conditions of the then East Pakistan. It was identified that in dealing with the problems of rural backwardness, a multi-sectoral approach was called for rather than isolated efforts. The rural society has to be viewed in its totality. The various rural sectors have to be considered as organically inter-related and plans for rural development should take cognizance of this fact.

2. 2 In the background of the co-operative movement in this part of the sub-continent as discussed before, an intergrated approach to rural development was experimented in the laboratory area, i. e., Comilla Kotwali Thana, under the auspices of the then Pakistan Academy for Rural Development, Comilla, in the early sixties.

2. 3 There are four major components of the Programme which may be summarised as follows:-

(i) **TWO-TIER CO-OPERATIVE SYSTEM :**

Under this system farmers are organised at the village level into co-operative societies. The co-ope-

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ative is farmers' own organisation meant for joint planning and implementation of the development programme. This is run and managed by the elected representatives of the co-operators. To provide support and ensure supplies and services, all the village-based primary societies are federated into the Thana Central Co-operative Association (TCCA) at the Thana level. The TCCA provides production inputs, training, credit and banking and other services to the primary societies.

(ii) **THANA TRAINING & DEVELOPMENT CENTRE (TTDC):**

It has been designed as a physical complex to house the offices of all nation-building departments and agencies of the government at the Thana level, firstly to co-ordinate the development activities and secondly to disseminate new ideas and technologies through training of rural leaders.

(iii) **THANA IRRIGATION PROGRAMME (TIP):**

The TIP has been launched to provide irrigation facilities through formation of small irrigation groups. These groups consist of the owners of the land around a power pump, deep or shallow tubewell for sharing the irrigation facility. This programme was originally meant for raising an additional crop, i.e. Boro, in the winter. Although these groups were formed as informal groups in the initial stage, these were subsequently converted into registered co-operative societies and

affiliated to the Central Co-operative Bank (CCB). In view of the recent government decision, these are being re-organised, amalgamated and affiliated to the TCCA.

(iv) **RURAL WORKS PROGRAMME (RWP):**

The RWP has been designed with the twin objectives of building physical infrastructure and generating employment opportunities to the landless and marginal farmers in the winter season. The physical infrastructure includes, among other things, rural roads, culverts, small bridges, drainage channels, and excavation and re-excavation of irrigation channels. The salient feature of this project is the direct participation of the rural people in both planning and implementation of the project.

2. 4 The above four major programmes were evolved through field experiments in Comilla Kotwali Thana over the years and together were designated as Integrated Rural Development Programme. These were reviewed and evaluated by various committees of experts appointed by the government and other agencies from time to time. Accordingly, all but the two-tier co-operative system i.e., RWP (1961-62), TTDC (1962-63), and TIP (1967-68), were adopted as provincial programmes at different stages in the sixties and duplicated throughout the province in quick succession. The two-tier co-operative system was experimented outside Comilla Kotwali Thana also. In 1963 under an Expansion Programme it was put into operation in

Natore (Rajshahi), Gaibandha (Rangpur) and Gouripur (Mymensingh) thanas to further test its suitability and viability in different parts of the province.

2.5 Having noted its success and people's tremendous response a scheme entitled the "Comilla District Integrated Rural Development Programme" (CDIRDP) was drawn up and approved by the then government. Initially seven thanas of the district were covered in 1965 and the remaining 13 thanas were taken up in 1968. Here it may be mentioned that the responsibility of implementation of the programme was initially given to the then Provincial Department of Agriculture with the PARD playing its role as an observer, researcher and evaluator in addition to providing training to the key personnel involved. In 1968, the then East

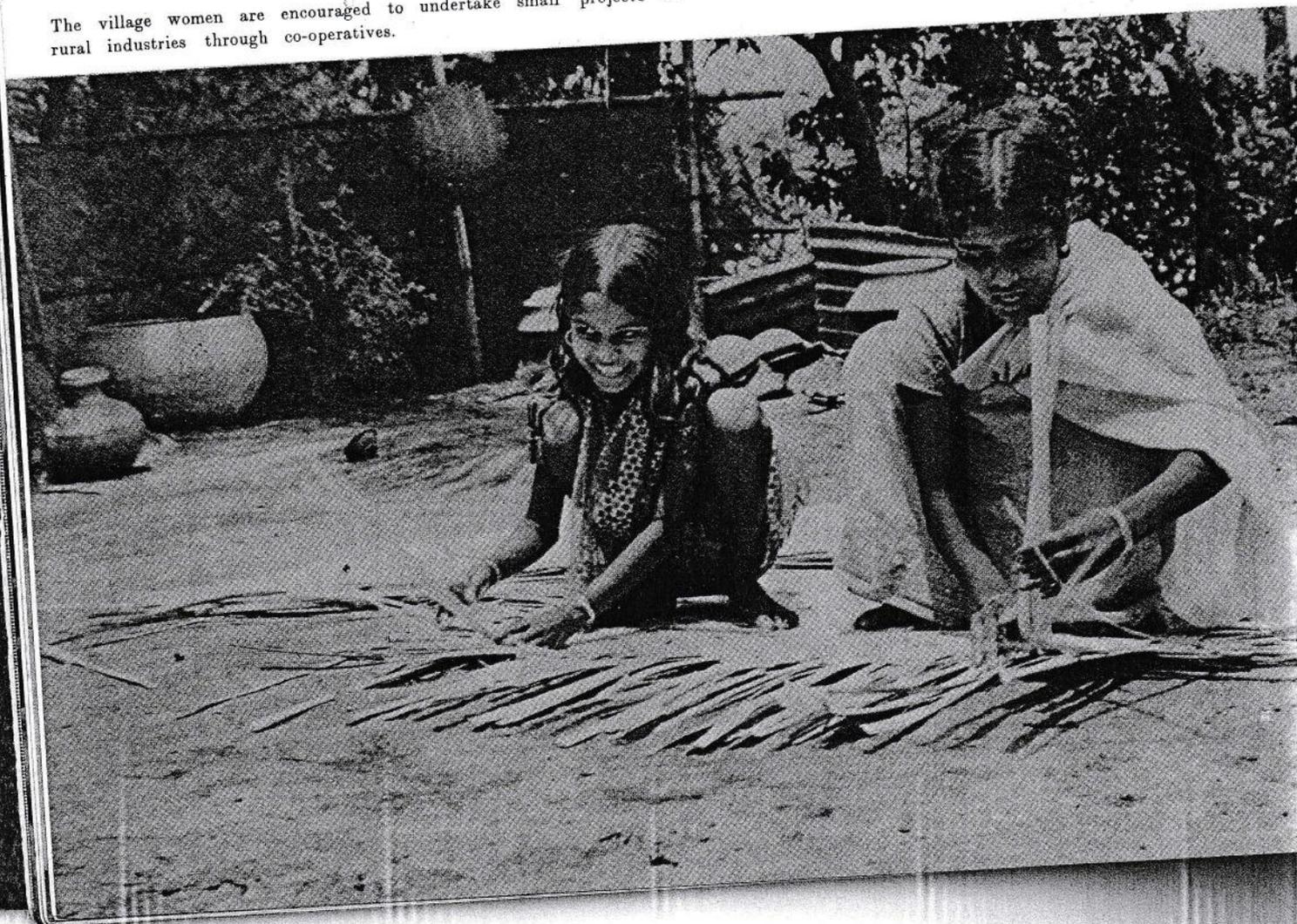
Pakistan. Agricultural Development Corporation (EPADC) took over the responsibility of the CDIRDP when the entire district of Comilla was covered under the programme.

2.6 The CDIRDP was also evaluated by the government. In 1966, a committee of experts was appointed by the then Government of East Pakistan for evaluation. Another committee of experts consisting of some university teachers evaluated the programme in 1967-68. The programme was also evaluated by the project wing of the Planning Commission of the erstwhile Govt. of Pakistan in 1970 when a national scheme was prepared for the entire province and submitted to the government for approval. The progress of the CDIRDP in terms of some basic indicators as of 1970 is given below :-

Table 1. Progress of CDIRDP
(1963-70)

Sl. No.	Indicators	1963-64		1964-65		1965-66		1966-67		1967-68		1968-69		1969-70	
		Year	Cumulative												
1.	No. of Thanas	3	3	—	3	7	10	—	10	—	10	13	23	—	23
2.	No. of KSS	140	140	95	235	420	655	391	1046	555	1601	692	2293	922	3215
3.	No. of Coop. Members.	3960	3960	3310	7270	10838	18108	884	26992	14309	41301	18683	59984	20639	80623
4.	Capital formation:														
a)	Shares (in lakh Tk.)	0.17	0.17	0.35	0.52	2.37	2.89	1.88	4.77	4.56	9.33	8.29	17.62	9.73	27.35
b)	Savings (in lakh Tk.)	0.70	0.70	1.06	1.76	2.32	4.08	3.00	7.08	6.97	14.05	13.30	27.35	12.84	40.19
5.	Loan issued (in lakh Tk.)	2.72	2.72	5.25	7.97	14.44	22.41	20.43	42.84	52.75	95.59	99.58	195.17	138.68	333.85
6.	Loan realised (in lakh Tk.)	0.39	0.39	3.04	3.43	5.02	8.45	10.44	18.89	20.09	38.98	38.43	77.41	71.47	148.88
7.	Loan overdue (in lakh Tk.)	—	—	—	0.16	—	1.31	—	2.98	—	3.24	—	14.68	—	41.89

The village women are encouraged to undertake small projects of rural industries through co-operatives.



**IRDP As a
National
Programme**

3. 1 In view of the long history of co-operative movement in this country with many ups and downs, the Comilla approach virtually provided a sense of direction to the vast rural masses in their productive efforts. The group action of the farmers demonstrated the potential that even the small and marginal farmers working jointly can change their lot and respond to any productive innovations. Inspired by this a scheme was prepared to replicate the model throughout the country in a phased manner. The scheme was approved as a provincial programme by the then Executive Committee of the National Economic Council in October, 1970.

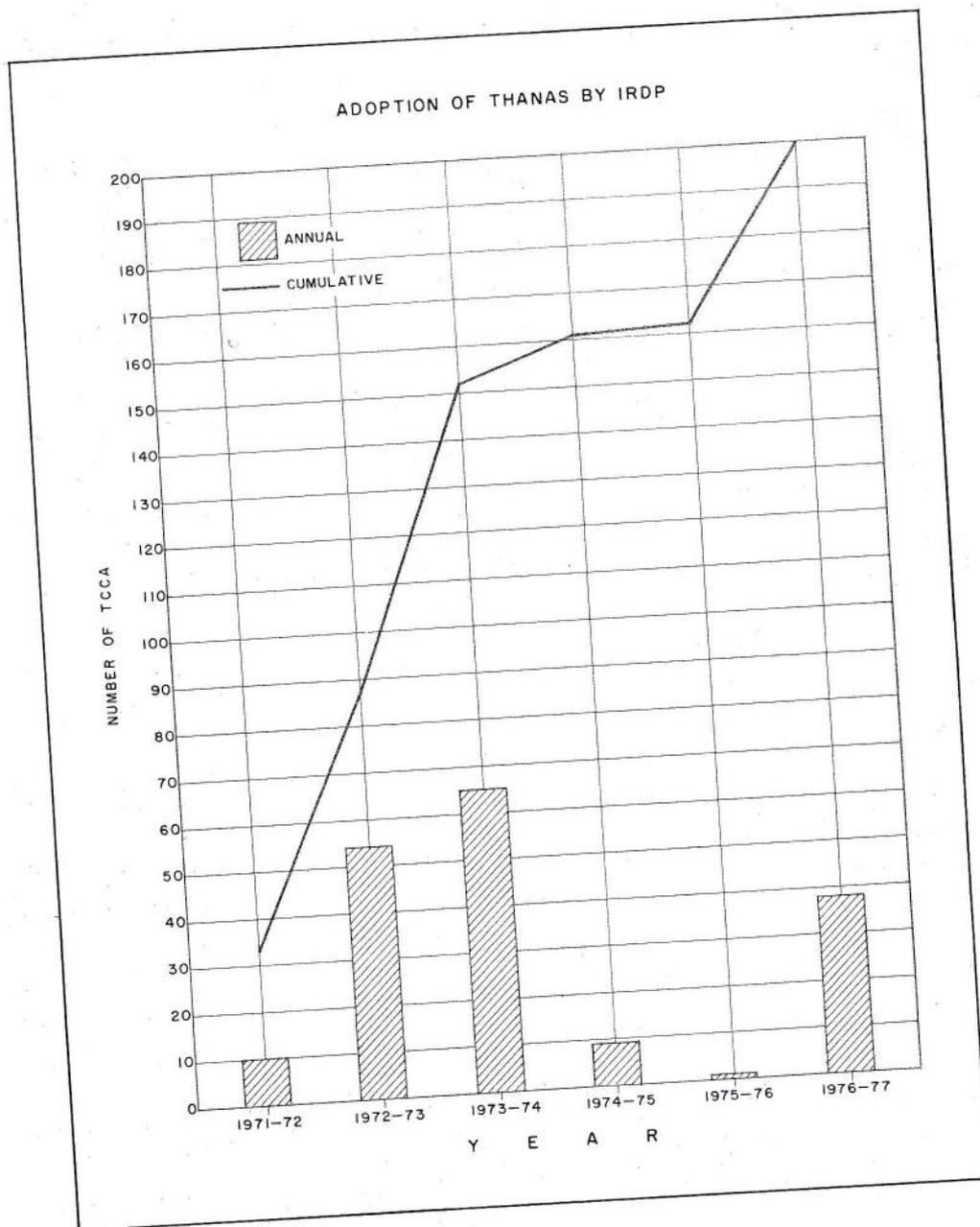
3. 2 Although the scheme was approved in late 1970, it could make little headway till January 1972 due to the outbreak of War of Liberation except establishment of the head office with a nucleus structure. The responsibility of implementation of the CDIRDP was formally handed over to the newly created organisation named Integrated Rural Development Programme (IRDP) by the BADC in August, 1971. After Independence of the country, a programme was prepared to bring 250 thanas between 1972-73 and 1977-78 as a part of the national Five-Year Development Plan.

3. 3 The integrated rural development approach as evolved in Comilla Kotwali Thana has four major components as discussed earlier. When the CDIRDP or IRDP scheme was drawn up, major emphasis was given only to

the two-tier co-operative programme. Thus the IRDP which was supposed to implement all the four components of the IRD programme to make the programme a really integrated one, it was actually given the responsibility to implement and administer the two-tier co-operatives with necessary alteration.

was set up in the middle of 1971 and the CDIRDP with its 23 TCCAs (20 from Comilla district and 3 from three other districts) was formally handed over to IRDP in August, 1971. The training of key personnel selected for the new thanas was disrupted due to the War of Liberation and it was resumed after liberation of the country. The officers were posted in ten Thanas

3.4 The head office of the IRDP





The women participants of a youth camp are working in the field to gain experience of field work.

of Rajshahi and Bogra districts in the early part of 1972. It was initially planned to cover 350 Thanas of the country according to the plan approved by the EC of the NEC of the then Government of Pakistan. After the liberation of the country, with an added emphasis on socio-economic development of the rural areas, the plan for the IRDP was revised in the light of new hopes and aspirations of the people of the newly independent country. Accordingly, a five-year plan to cover 250 Thanas was prepared as a part of the national Five-Year Development plan (1973-78). This was done to emphasise more on the consolidation of the programme as well as on education of the people. The year-wise adoption of thanas by IRDP is given in the following table:

Year	No. of Thana adopted	Cumulative
Upto June, 1972	33	33
1972-73	53	86
1973-74	65	151
1974-75	10	161
1975-76	1	162
1976-77	38	200

3.5 From the above table it is evident that the time schedule was meticulously followed so far as adoption of thanas by IRDP is concerned. The national government provided necessary funds inspite of severe resource constraints.

Objectives and Main Features of IRDP

4.1 The sectoral approach to rural development in an isolated manner could do little in changing the lot of the majority of rural masses in view of the socio-economic milieu of the country. Average farms are too small to be run commercially with the help of the modern seed-based technology. Farmers are generally responsive to innovations but the existing extension system is not only inadequate to meet the challenge of the time but also expensive to operate.

4.2 Group action through some institutions is, therefore, considered a pre-requisite to implement any development programme specially when it is addressed to the requirements of the medium and small farmers. Furthermore, in our socio-economic set-up the farmers' problems are inter-related and virtually indivisible and, as such, call for an integrated approach. Taking all these realities into consideration and expecting little change in the existing social structure and political system in the country in near future, co-operatives as the farmers' own organisations have proved to be the most effective instrument to mobilise the farmers for productive purposes in the shortest possible time. Accordingly, major emphasis has been given on group action through co-operatives. The main features of the co-operative system may be summarised as follows:-

- (i) Organisation of farmers into Kri-shak Samabaya Samity (KSS-Farmers' Co-operative Society) at the village level;

- (ii) Federation of KSS into Thana Central Co-operative Association (TCCA) at the thana level;
- (iii) Linking the TCCA with other thana level organisations and agencies;
- (iv) Introduction of "Supervised Credit" for productive purposes;
- (v) Accumulation of own capital through weekly thrift deposits and sale of shares;
- (vi) Arrangement of continuous training for the co-operative leaders at the TTDC to disseminate new ideas and technology;
- (vii) Provision of training of officials related to rural development;
- (viii) Arrangement for supplying different production inputs to the farmers;
- (ix) Provision of marketing facilities to ensure a reasonable price to the growers;
- (x) Study and experiment on related fields of rural development to add new components and dimensions for meeting changing needs of rural development and preparation of plans accordingly;
- (xi) Co-ordination with other nation-building programmes like RWP, TIP, Population Control and Family Planning etc.;
- (xii) Organization of TCCAs into district federation for co-ordination of TCCA activities and development of leadership amongst the co-operators;
- (xiii) Organization of district federations into national federation in order to co-ordinate rural deve-

lopment activities at the national level, to promote leadership among the co-operators and to spread co-operative education.

4.3 From the salient features of the IRDP as enumerated above, it is apparent that a great emphasis has been laid on development of farmers' own organisations at various levels in order to build up a cadre of trained leaders from amongst the farmers. Lack of trained leadership within the co-operative movement has been identified as a major cause of failure in the past of the co-operative movement in the country. Development of such leadership would also help avoid excessive dependence on the government functionaries.

4.4 The IRDP was set up to achieve the following objectives:-

- (i) To organise "Comilla-type co-operative" for optimum utilisation of human as well as material resources available for development;
- (ii) To organise farmers into cohesive and disciplined groups for planned development;
- (iii) To boost agricultural production in the shortest possible time through group action;
- (iv) To ensure proper utilisation of institutional credit and other inputs arranged and supervised by the TCCA;
- (v) To help accumulate farmers' own capital through thrift deposits and sale of shares;
- (vi) To promote adoption of suitable agricultural innovations through diffusion of new ideas and knowledge;



The field officers of IRDP receive practical training before they undertake the responsibilities as T.P.Os & D.P.Os.

- (vii) To integrate all supplies and services for effective utilisation of resources for productive purposes ;
- (viii) To study, experiment and plan for comprehensive rural development ;
- (ix) To help develop local leadership through continuous training and group action ;
- (x) To initiate programme for equitable distribution of income among the members in favour of the marginal farmers and landless labourers.

4. 5 To conclude, the IRDP basically emphasises on institution building for the purpose of development of rural areas. Institution building involving human elements is, by no means, an easy job. It requires tremendous amount of sustained efforts. This is particularly true when it involves people inhibited by century-old beliefs, traditions and prejudices. Any success of such a programme would largely depend on the extent of membership education and nature of leadership among the co-operators themselves.

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In the village weekly meeting, the co-operators deposit their weekly savings and discuss problems.

