Co-operatives and the Emancipation of the Marginalized: Case Studies from Two Cities in India

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**Abstract**

This paper discusses the role of co-operatives as one of the means of emancipation of the marginalised sections of the working class. It begins with a brief outline on the industrial situation in India and the need to forge alternative production processes through worker co-operatives. This is followed by a discussion on co-operatives, especially worker co-operatives, and social emancipation. This proposition is examined through two studies conducted in two cities, namely, Ahmedabad in Western India and Calcutta in Eastern India. The study in Ahmedabad deals with the socially marginalised group of female waste pickers who have formed co-operatives with the help of SEWA, a trade union of women workers. The study in Calcutta deals with the attempts of workers who have re-started their enterprises through worker co-operatives after the employers shut them down. While focussing on the role of co-operatives, the study underlines their links with the trade union movement. Other factors, which influence the functioning of these co-operatives, are internal democracy and the role of the state.
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Sharit K. Bhowmik

This paper attempts to examine the role of co-operatives in empowering marginalized sections of the working class. We shall illustrate this with the help of two studies in two different metropolises in India. These are Ahmedabad in Western India and Calcutta in Eastern India. We will discuss co-operatives formed by waste pickers in Ahmedabad and worker co-operatives in Calcutta. These cases show how marginalized workers of society try to protect their right to gainful employment through collective action.

The process of globalisation through structural adjustment has adversely affected the working class throughout the world. Labour in most developing countries has suffered because restructuring of industry has invariably led to unemployment due to closure of ‘unprofitable’ industrial units. In India, the Industrial Policy Statement placed before Parliament on 24 July 1991 was in tune with the global process of structural adjustment. Two glaring features of this policy are: firstly, undermining of the public sector and, secondly, reduction in employment in the formal/organised sector. Trade unions have by and large opposed these policies. They have organised nation-wide strikes, closures and rallies. All this has had little or no impact on the government’s decision making.

The main problems are faced by workers in the small or medium scale industries as the legal support on job security and social security do not apply with the same rigour. These workers form the bulk of the industrial labour force in the country. It is in these areas that alternative means of production are needed. The government has shown some interest in encouraging worker take-overs. Paragraph 16 of the Industrial Policy Statement reads:
“Workers’ participation in management will be promoted. Workers’ co-operatives will be encouraged to participate in packages designed to turn around sick companies.” So far this appears as lip service as the government has taken no step to encourage such co-operatives.

At the same time there are a number of co-operatives that have emerged through the workers’ struggle to maintain employment and production. There are some instances of worker co-operatives in tea plantations, mines and in industrial units. The workers of Sonali Tea Estate, a tea plantation employing around 500 workers in the Jalpaiguri district in the state of West Bengal, established the first worker co-operative in the tea industry in 1974. In Tripura, a state in North Eastern India, five tea plantations are being successfully by their workers since the early 1980s (Bhowmik 1992). In Dalli Rajhara, near the Bhilai Steel Plant in the state of Chattisgarh in Central India, there are six worker co-operatives operating in the open cast iron ore mines (Bhowmik 1994). In Calcutta, the capital of the state of West Bengal there are at least 20 industrial units that are managed by worker co-operatives since the early 1980s. All these co-operatives are surviving with very little or no financial assistance from the government. The fact that these co-operatives have survived for nearly two decades or more without external assistance is itself a measure of their success. We have tried to examine some of these co-operatives in this paper.

Along with the unemployed due to closure of industries, there are growing numbers of people who come to the urban areas, especially the metropolises, in search of work. These people are driven from the rural areas or from small towns due to lack of any form of livelihood. They have little skills to enable them to compete in the labour market and they search for work in any form to keep off the pangs of hunger. These are the lowest form of the self-employed and they form the bulk of the urban poor. Yet we can see, as in the case of female waste pickers in Ahmedabad, that they too can improve their living conditions
through collective action. However, before we discuss these cases let us first examine the role of co-operatives in helping the marginalized.

Co-operatives and Social Emancipation

The origins of co-operation as a movement for changing and improving the economic and social conditions of the less developed sections of society can be traced to the first half of the nineteenth century in the philosophy of Robert Owen. The first co-operative was started in England in 1844; a co-operative store set up by a handful of unemployed weavers at Toad Lane in Rochdale. The group was known as the Equitable Pioneers of Rochdale and its objective was to provide consumer goods to workers at fair prices. The Rochdale Pioneers saw co-operatives as a step towards a larger goal, namely, a socialist society characterised by economic democracy. Rochdale served as a model for many other co-operatives in England, United States and Europe. The basic principles governing the functioning of this co-operative were adopted by the co-operative movement all over the world. These were: one vote for each member (and not for each share as in the case of joint stock companies), sale at market prices, division of profits among the shareholders on the basis of the shares each held and, limited interest on share capital.

The co-operative movement grew out of a need to change the existing society through an ideology based on egalitarianism. The early co-operators such as the Rochdale Pioneers and Robert Owen in England, Herr Schultz and F. W. Raiffeisen in Germany propagated the co-operative movement as an alternative to the exploitative nature of capitalist society in nineteenth century Europe. Co-operation for them was a vehicle through which capitalist exploitation could be replaced by an egalitarian and just society. They envisioned co-operatives as instruments for transforming their societies. In this way, the objectives of co-
operatives differ not only from those of private enterprise but also from traditional forms of
exchange and reciprocal relations.

The views of some of the earlier promoters of co-operatives, such as Robert Owen, were criticised because though they viewed co-operatives as a form of social transformation, they believed that the movement would succeed if both labour and capital co-operated towards this transformation. Karl Marx, especially, was a bitter critic of these views. However Marx himself was not against formation of worker co-operatives. In fact he advocated that worker co-operatives could play an important role in emancipating the working class from capitalism, provided they serve as allies of the labour movement. The main contribution of these institutions lay in their ability to demonstrate practically that workers are capable of taking over and managing the means of production. In his instructions to delegates attending the first Congress of the International Workingmen’s Association in Geneva in September 1866 he stated: “We acknowledge the co-operative movement as one of the transforming forces of the present society based upon class antagonism. Its great merit is to practically show that the present pauperising and despotic system of the subordination of labour to capital can be superseded by the republican and beneficent system of the association of free and equal producers.” (Marx and Engels 1976: 81).

Marx thus viewed co-operatives as a form of emancipation for the oppressed worker. Co-operatives provided greater confidence to the ordinary worker as he became aware that he could transform the prevailing socio-economic relations through collective action. The Committee on Co-operative Principles, appointed by the International Co-operative Alliance in 1965, took a similar view. A co-operative, it noted, “exists in order to place the common people in effective control of the mechanism of modern economic life…it must give the individual, only too often reduced to the role of a cog in that machine, a chance to express
himself, a voice in the affairs and destinies of his co-operative and scope to exercise his own judgement.” (NCUI 1969: 20). In this way co-operatives, if run democratically, can help in reducing alienation among workers.

Co-operatives are thus not expected to function merely as mutual benefit societies. They have in addition certain social obligations which are spelt out in the principles of co-operation. While elaborating on this aspect the Commission on Co-operative Principles noted: “Co-operation at its best aims at something beyond promotion of interests of individual members…Its object is rather to promote the progress and welfare of the humanity. It is this aim that makes a co-operative society something different from an ordinary economic enterprise and justifies its being tested not simply from the standpoint of its moral and social values which elevate human life above the merely material.” (Ibid: 10). We need to keep these objectives in mind while examining the contribution of co-operatives. In the next sections we shall attempt to do this.

**Waste Pickers in Ahmedabad**

Every metropolis has a section of its population that makes a living by recycling waste. These people are ascribed the lowest status among the urban poor and are also economically, the poorest among the poor. A large section of these waste pickers are women and children. They roam the streets on foot searching for waste, which they put inside the sacks that they carry. They leave their homes at dawn, walking several kilometres each day so that they can complete their collection by late afternoon. Their work tools comprise a collection bag and a rod to prod and poke through garbage. In their work they are subjected to a number of hazards. They get cuts and bruises from sharp objects and broken pieces of glass or they get skin allergies from the waste chemicals at the garbage. After they finish their

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1 The initial research on waste pickers was done in 1996. I have supplemented the findings in my later visits to Ahmedabad and through inputs from SEWA.
collections for the day, they sort out the materials and then sell these to traders. The rates they receive for their collection are very low and these people live on the brink of poverty. The condition of waste pickers in Indian cities seem to be worse than their counterparts in Columbia who move around in animal driven carts while searching for recyclable waste.

These waste pickers are in fact serving the needs of the citizens because while working for their livelihood they are cleaning the streets of the rubbish. Unfortunately the police and the municipal authorities do not look at them in this manner. They are harassed by the urban authorities and they face frequent threats and even beatings from these officials. The better-off sections in the city regard them as a public nuisance and frequently lodge complaints on them.

The city of Ahmedabad is the capital of Gujarat, one of the prosperous states in the country. This city had a number of large industries but it was especially known as a centre for textile production. The scenario is very different now. Since the past fifteen years or so most of the city’s textile mills have closed, rendering a large number of workers jobless. Many of the wives and children of these workers have been forced to “take to the streets for waste collection” (SEWA 1999: 56). Like all other large cities, Ahmedabad too has a number of waste pickers who depend on recycling for their existence. Since the past twenty-five years the Self Employed Women’s Association (SEWA) based in Ahmedabad has been organising women waste pickers in the city as one of its activities (Ibid). We shall examine some of the activities of this union in helping this section of the working class.

*Origins of SEWA*

SEWA’s origins were in the Textile Labour Association (TLA). This trade union was started by Mahatma Gandhi in 1918 and later became the main trade union of textile workers in Ahmedabad. In 1968, TLA decided to start a Women’s Wing of the union and invited Ela
Bhatt to look after it (Rose 1992: 41). The main activity of this wing was to impart training programmes for developing skills of poor women so that they could earn a livelihood. Skill development mainly meant teaching the women sewing on machines, encouraging them to take up activities such as block printing of cloth and garments, dying of clothes etc. Its work was more in the nature of social service. After engaging in these activities for some time the organisers found that the type of activities they were engaged in could only provide partial relief to these marginalized women. What they needed was an organisation that could unite them to collectively fight for their basic rights such as minimum wages, health, education etc.

In 1972 the Women’s Wing decided to convert itself into a trade union under the Trade Union Act of 1926. This was easier said than done. Though the working women were convinced that they could form a trade union, the Registrar of Trade Unions thought otherwise. The main objection was that there was no relation between employer and employee in an association of the self-employed. It took ten months to convince the Registrar that such an association could well be a trade union (Bhatt 1997: 214). At present SEWA, with its total membership of over 500,000, is the largest registered trade union in the state. Initially SEWA had close links with TLA but these were snapped in 1981.

Besides organising women self-employed workers through trade unions, SEWA promotes co-operatives among its members to cover a variety of services and also helps in providing alternative employment opportunities. In 2000, SEWA had sponsored more than 80 such co-operatives covering a wide variety of areas. These include industrial and producer co-operatives and service co-operatives. After forming a co-operative, the union assists its members in developing financial and managerial skills. It organises adult education classes for these women where, besides learning to read and write, the women are taught about accounts, the objectives of co-operatives among other topics. These activities help in
empowering the members to manage their co-operatives through their own resources rather than depend on outsiders.

Unionising Waste Pickers

One of the first activities of SEWA as a trade union was of organising waste pickers in the city. SEWA unionised these women so that they could be protected from harassment by the civic authorities. The union provided its members aprons, gloves, shoes and bags for collecting the waste. It collected donations initially in order to provide these articles. The aprons and bags are blue in colour and they have SEWA written on them in bold white letters. These essentially become their identity as union members, though they carry their union cards as well. After forming the union the waste pickers are harassed less often. They were allowed access into several streets where they had been prevented earlier. Their identity as members of SEWA is mainly responsible for this change in attitude as they are now seen as a part of a collective.

Harassment and prevention from carrying out their activities are not the only forms of exploitation these workers face. The traders they sell their daily collection to, exploit them by paying them very low prices. The women are very poor and they accept whatever prices the traders pay them, as this is the sole means of subsistence for them and their families. There is no way they can bargain with the traders for better prices. In case the trader refuses to accept their goods, they will starve that day.

The union activists of SEWA studied the waste recycling market and they found that the demand for waste paper fluctuated over the year. It increased in some part of the year and decreased at other times. The traders increased their profits by storing the waste paper when the demand was low and selling when demand was high. After studying the market fluctuations, the union activists found that the women could get almost double the prices
when the demand was high. However these women had neither the space for storing their pickings nor did they have the ability to store their goods over a period of time. Their economic conditions compelled them to sell whatever they had collected each day.

SEWA then decided to start a storehouse for keeping the daily collection of these women. They would be paid daily at a fixed rate for their collections. These would be sold through auctions when prices increased. Any profit made from the sale would be distributed among these women as bonus. The union set up the storehouse and all members are eligible to sell their collection daily and they are paid in cash. This scheme proved a success and soon more such storehouses have been set up in other parts of the city.

*Co-operatives as Alternative Employment*

The next step the union took was of finding alternative employment opportunities or regular earnings for these women. If a section of them could be provided with other types of work then the income of the remaining would increase, as their collections would go up. These new activities could be undertaken by forming co-operatives among the women.

In 1983 SEWA initiated the formation of a co-operative that would take up contracts for cleaning offices and collecting waste paper from them. This co-operative was called Saundariya Mahila SEWA Co-operative. At present this co-operative has around five hundred members. It has contracts for cleaning a number of large offices, academic institutions and other public buildings. Alongside, the co-operative takes up contracts for removing waste paper from offices. It was able to get contracts from some of the municipal and state government offices for collection of waste paper. The co-operative pays these offices a fixed amount for allowing it to collect the waste paper.

Around two hundred members of the co-operative are engaged in these activities. These members get a regular wage for their work. The profits of the co-operative are
distributed among all its members. Of late the co-operative had to face some problems because the state government did not renewed its contract for waste paper collection from its offices in 1999. This point is mentioned in its SEWA’s annual report for 1999. The report also states that Saundariya co-operative was optimistic of renewing its contract with the government offices in the near future. This has been done after the union and the co-operative collectively convinced the higher officers of the state government that the arrangement was mutually beneficial.

Some of the waste pickers were quite skilled at cooking different types of food. The union tried to help them develop their skills so that they could start a commercial venture. In mid-1992 a group of these women started supplying food to the government sponsored Integrated Child Development Scheme (ICDS). This scheme was started to help the poor in urban and rural areas. The ICDS provides training to pre-school going children. These children are provided a meal at noon.

The group started undertaking contracts for catering food at functions. In 1994 the group formed a co-operative named Trupti Nasta Mahila SEWA Co-operative Society. The co-operative has 130 members all of whom are former waste pickers. The members undertake contracts for supplying and serving food at weddings, public functions and other events. At times they are contacted to only serve the food or prepare desserts at these functions. Besides these activities, the co-operative has got contracts to open canteens and tea stalls at offices.

The co-operative organises training programmes for its members on various aspects of food management including nutrition. It also holds programmes on co-operation education and literacy. Trupti Nasta is one of the more successful co-operative ventures sponsored by SEWA. It has been making profits as its clients appreciate the food it prepares because it is tasty, comparatively less expensive and served properly. The co-operative used to operate
from the head quarters of SEWA in Ahmedabad. It has now bought its own work space in the
city (SEWA 1999: 60).

SEWA has organised a number of part-time economic activities for women waste
pickers in order to increase their earnings. A section of its members are engaged in shelling
peas and pulses in the mornings and they pick paper in the afternoons. Another group of
women are engaged in making paper bags and paper stationery.

The success of the two co-operatives of waste pickers in Ahmedabad is mainly due to
their strong ties with their trade union, namely, SEWA. The union has firstly helped them
gain their self-respect as self-employed workers. Secondly, the members have been able to
create alternative employment schemes through co-operatives, which has, in fact, increased
their choices.

It may be noted that society in India is ridden with social groups that are ranked on
the basis of hierarchy. These are known as castes. Incidentally, the word caste owes its origin
to the Portuguese word Casta. Membership of a caste is based on one’s birth and as such
one’s position in the caste hierarchy is fixed on the basis of the status of the caste one is born
into. Hence even if occupational status of an individual changes one’s social status remains
unchanged. The waste pickers in most cases belong to castes that are ranked low. The nature
of their work, which involves picking recyclable waste from the streets and from garbage
bins, is regarded as an unclean occupation by the upper castes. These people perform these
activities because they are very poor and they have no other means of subsistence. Hence
they are both socially and economically oppressed and are treated as outcastes among the city
dwellers.

Formation of co-operatives has helped these women improve their conditions but the
crucial factor is that these are linked with their trade union. The impetus for improving their
working conditions came through collective action, after they unionised themselves. This gave them confidence in their own abilities. They were able to enhance their development through co-operatives. Hence we can see that the interlinking of trade unions with co-operatives can become an effective measure for emancipation of the poor and the socially oppressed.

Let us now turn to another type of co-operative and examine how they have contributed to the emancipation of another section of the working class. In the next section we shall examine the functioning of worker co-operatives in the city of Calcutta.

**Worker Co-operatives in Calcutta**

Calcutta was once a vibrant industrial metropolis famous for its jute mills and engineering factories. Since the late 1960s the scenario changed sharply. The city witnessed the closing down of a number of large industrial units. During the 1980s around 1,500 industrial units ceased to function. This made 1,580,000 workers employed in these units redundant. Several more industries are on the verge of closure.

In the midst of this depressing scenario one finds a flicker of hope in the fairly large number of worker co-operatives that exist here. We have identified around 20 such units in and around Calcutta. These are mainly small-scale or medium-scale industries having between 20 to a little over a hundred workers each. We shall take up four of these co-operatives for our study.

It is necessary to note some of the features of these cases in order to have a general background. Calcutta is the capital of the state of West Bengal, situated in Eastern India. The state is governed by a coalition of communist and leftist political parties known as the Left Front. The largest, and dominant political party in this coalition is the Communist Party of

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2 The research on worker co-operatives was started in 1998. I visited these co-operatives again in 2000 to collect further information.
India (Marxist), CPI(M). This coalition was elected in the elections in 1977 and has continued to be voted into power till the present (March 2001). The major trade union in the state is the Centre for Indian Trade Unions, CITU, which is regarded as the trade union wing of CPI(M). Trade unions in all the worker co-operatives in Calcutta, including the four cases in this paper, are affiliated to CITU.

The four co-operatives have been selected after surveying 18 of the existing co-operatives (two of the co-operatives had ceased to function). These include a ship building unit, a unit manufacturing aluminium cables and electric conductors, a unit manufacturing printing equipment and a unit manufacturing wire machinery. Each of these units was functioning very well at one time and were regarded the best in their respective areas of production. We have tried to examine the reasons for the downslide of these companies and how the employees have tried to revive them.

**Ship-building Co-operative**

Situated in the Cossipore area of Calcutta, the East Bengal River Steam Service and Engineering Workers’ Industrial Co-operative Society Limited was formed in 1979. The original company was an old enterprise which originated in the late nineteenth century. It ran a successful shipping enterprise and later started shipbuilding as one of its major activities. From 1965 the company showed a downward slide due to various reasons. Some were external factors, relating mainly to its restriction in business with the erstwhile East Pakistan (now Bangladesh), others concerned with the internal management of the company. It managed to pull along till 1969. Its balance sheet of 1968-69 showed a profit. After that the company started making heavy losses. In September 1976 the owners shut down the company, as its debts were insurmountable. Its labour force, which was once over 1,000, was
reduced to 91 as most workers left to find other work. Its debtors had filed cases for recovery in the High Court of Calcutta.

After the Left Front was voted into power, the union proposed to the state government that it should declare the company as sick and should take over its management. The state government sent a proposal to the central government in 1978 for take-over of the company but the central government rejected the proposal. The workers’ union then requested the state government that they be permitted to run the company. This was accepted, and the state government advised that the workers should form a co-operative so that they could manage the company. The state government’s Department of Industrial Reconstruction would help in financing the venture.

The co-operative was registered in November 1979. All 91 workers became its members. The local leaders of the CPI(M) and the CITU assisted the workers in their venture. The secretary of the local committee of the CPI(M) has been the main supporter of this venture. The state government had conceded to the union’s proposal mainly because the union was affiliated to CITU and because the political support of the CPI(M).

Based on the assurance of the state government, the co-operative appealed to the High Court that it be permitted to buy the company. The court agreed to this and ordered that an official to assess the company’s worth. The price was thus fixed and the co-operative took possession of the company on 30 October 1980. The sale deed was executed in 1981. The state government agreed to provide a loan to the co-operative to buy up the company. Production was started in December 1981. A guarantee of Rs. 3,000,000 was provided by a nationalised bank (after the state government agreed to act as guarantor) and Rs. 400,000 was provided as working capital. This amount was very low and it was not possible for the co-operative to modernise the existing equipment. The co-operative hoped that it could borrow
money from the bank for this purpose. They required a guarantee from the state government for this purpose. Unfortunately, when they approached the government it refused to honour its commitment.

The above decision came as a shock to the workers. Earlier, at the time of the formation of the co-operative, the workers were given to understand by the Minister of Finance that this was a temporary arrangement prior to take-over by the state government. The workers now realised that the government would neither take-over the shipyard nor would it help the co-operative in developing it. After a series of general body meetings, in which the local CPI(M) leaders too participated, the workers decided that they would have to manage the company on their own. Two major decisions were taken. Firstly they decided to freeze wages till the financial situation improved. Secondly, they would increase their productivity as this would cut down on costs of production. The co-operative decided to undertake job work (outsourcing) for other companies, mainly for repair of ships.

These efforts paid off as the companies that gave them orders for job work were happy with the outcome. Some of these companies were willing to supply raw materials needed for the repair work and at times even gave advances in cash. By 1991 the co-operative had accumulated around Rs. 1,400,000 as surplus which it could use as working capital. A major decision taken by the general body of the co-operative during this time was that wages would not increase even after these surpluses were recorded. The workers realised that their future could be secure only if the co-operative had sufficient funds.

Events took a sharp turn in 1991. At that time the ministry of surface transport was looking for a large plot of land for setting up a garage and workshop for one of its corporations, North Bengal State Transport Corporation (NBSTC). The state government suggested that the co-operative give up a part of the land that it held to NBSTC. This could
form a rehabilitation package for the co-operative. NBSTC would pay Rs. 10,000,000. The Inland Water Transport Corporation of the state government would take-over the co-operative and would modernise the dockyard and the workshop. The co-operative would have to reduce its workforce to 50. Only those workers below 55 years would be retained and the others would be given adequate compensation. The co-operative agreed to this proposal.

Since the workers were assured of take-over by the state government, they decided to be extravagant with the surplus they had accumulated. It paid a high bonus to its members, built new homes for the security staff and spent large amounts on festivals.

The elections to the state assembly were held in 1992. The Left Front government was elected once again but the minister for surface transport was changed. The new minister wanted to review the scheme. He raised several objections about the location of the land and the cost of acquiring it. The deal was subsequently cancelled. This came as a severe shock to the workers. They were now worse off than before as they had no working capital to execute their orders. This incident however strengthened their resolve to draw on their own strength and not depend on others. They could only depend on the goodwill they had created earlier. Slowly they started getting orders and they gradually improved their position.

I first visited this co-operative in mid-1998. The workers seemed determined to make their venture a success. Most of them were old. Their uniforms were crumpled and worn. However there was determination on their faces as they worked relentlessly. They did not give any hint of dejection or helplessness when they spoke to me. The white collar staff however were more critical of the situation. They were bitter that the government they had supported, especially the CPI(M), had turned away from them. These people were still hopeful of government take-over. The local CPI(M) leader who provided the external leadership to this endeavour, had become critical of the government’s attitude. All these
people believed that the cancellation of the government’s earlier proposal was mainly because of corruption. I was told that the deal would not provide any kick-backs to those in power, hence it was abandoned.

The co-operative was unable to employ technical personnel as it was short of funds. It had a consultant who was a marine engineer. This person was once the general manager of the company and he later helped the workers to run the enterprise. He came every alternate afternoon to provide technical know-how. He did not charge any fees for his services as he was a sympathiser of the CPI(M) and he had adequate income through consultancies in other companies. The presence of this consultant and the local CPI(M) leader increased the confidence of the workers as they felt that even in these troubled times they were not alone.

The situation was more or less the same when I visited the co-operative in June 2000. Its financial condition was slightly better and the workers were receiving higher wages. The consultant had helped in bringing more business. The bitterness at the lack of support from the government had increased. However both the union and the CPI(M) were with the co-operative at the local level. This was the main reason why the members still remained with the union despite their grievances with the CPI(M) led government. A major fall out of this situation was that the workers had become self-reliant. They no longer depended on external agencies to take care of their problems. This was the most significant contribution of the co-operative—it had raised the self-confidence of the workers.

Printing Co-operative

The Eastern Type Foundry and Oriental Printing Works Employees’ Industrial Co-operative Society Limited was started in 1987. The co-operative has 42 workers as its members. The total number of employees of the co-operative is 51 of whom 7 are white-collar workers and the rest are blue-collar workers.
This company, known as Eastern Type Foundry and Oriental Printing Works, was established in 1890 and was registered as a joint stock company in 1912. The company manufactured printing material for letter presses. This technique became obsolete in most parts of the world after off-set printing was introduced. However prior to this the company was one of the best in its field in the country. Its market was spread all over India and it had export orders from other countries including China, Nepal and Mauritius. The total workforce was then around 500.

Despite changes in printing technology the company was able to retain its position because it remained the only manufacturer in the field. Letter presses in the country depended on it for their supplies. Its printing press was also known for its high quality and it had orders from leading publishers.
The problems of the company began in the 1960s. These were mainly due to feuds among the members of the family that controlled the company. These people collectively owned a majority of the shares. In the 1970s the union pointed out several irregularities of the management. Though workers were paid their regular salaries it was found that funds collected for social security were not deposited with the authorities. These authorities filed cases in the courts for recovery. The management was unable to pay the dues and finally in 1980 it stopped operations by shutting down the factory. This continued for seven years during which time most of the workers left to seek other work. The union suggested that the workers’ should form a co-operative which could take-over the company through the help of the government. Thus the co-operative was formed in 1987 with 30 workers who had continued to fight for their dues. The company meanwhile went into liquidation and the co-operative, with the initial financial backing of the state government, was able to buy the company.

The co-operative started functioning in 1989. Though it owned the company it did not have much working capital. It was however able to get orders for printing and foundry work. Business picked up gradually and the co-operative needed more workers. On the recommendation of the local committee of the CPI(M), 15 temporary workers were taken. They were made permanent after a year and 12 of them became shareholders. Trouble started soon after this, in 1994. The original workers were old while the new workers were young. The latter demanded that the older workers should retire and make way for younger workers. Moreover the local committee of the CPI(M) demanded that the party be allowed to use one of the office buildings as its office. The older workers, who too were supporters of the CPI(M), opposed this proposal as they felt that this would encourage the local committee to
take possession of the building. This led to strained relations between the CPI(M) and these workers.

The internal problems of the co-operative have been created by the local CPI(M) leaders. The older members were with the CPI(M) and they initially trusted their local leaders. After these events they have become very critical of the party’s functioning. They suspect that the local committee wants them out so that it can fill the co-operative with their own people. At the same time these workers have not turned against the CPI(M) as a party. They vote for its candidates during the elections and they even campaign for the party. Their problems are mainly with the local CPI(M) leadership. At the insistence of the younger workers at the annual General Body Meeting held in 1997, the government appointed an administrative officer who superseded the functions of the managing committee temporarily.

The co-operative is still functioning and is able to pay wages. It could improve its position if it is able to take up job work through its foundry. However it lacks working capital. Its press is working but the tension between the old and new workers has affected its efficiency.

**Aluminium Cables and Conductors**

This co-operative is known as Alcond Employees’ Industrial Co-operative Society Limited and was formed by the employees of Aluminium Cables and Conductors Private Limited in 1987. Its total number of workers in 2000 was 150 of whom 35 are office workers and the rest are blue-collar workers. The co-operative has a membership of 265 all of whom were workers in the company but later some left after they got work elsewhere.

The company manufactures power conductors and aluminium cables. It was very well known in its field of production and was regarded as a profitable venture. The demand for its products rose after the state run electricity corporations decided to switch to aluminium high
tension wires instead of copper cables. The company had around 500 workers on its rolls and was a profitable concern till the 1970s. It had a large clientele in India and abroad. The factory is in Hyde Road where a number of industrial units are situated.

Alcond started recording heavy losses from 1978. The workers believe that this was due to diversion of the company’s financial resources to other investments. In 1983 it closed the factory. The workers’ union moved to all quarters in the government, used all types of pressure on the management to re-open the factory. After three years of determined struggle, in 1986, the workers could force the management to re-open the factory. After a fortnight the factory closed again and this time it was because its financing bank filed a liquidation case to recover its arrears. The union then decided to organise the workers into a co-operative so that it could run the factory.

The government supported the union’s move to form the co-operative and it was registered in 1987. At that time the High Court had ordered that the company be auctioned in order to recover its debts. The state government purchased the company and, on 2 December 1989, it handed it over to the co-operative. The government also provided loans and raw materials for starting production. Further, it stood guarantor for bank loans up to Rs. 45,000,000. The West Bengal State Electricity Board, a state government undertaking, extended its support by placing orders for equipment.

At the time of the take-over, the members found that the machines and equipment in the factory were damaged. The co-operative had to spend large sums of money on repair and maintenance. Production could start only in 1990, after seven years of closure. In its first year the co-operative recorded a loss of Rs. 1,270,000 but in the following year it recorded a turnover of Rs. 60,000,000 and a net profit of Rs. 750,000. The co-operative could employ 300 of the laid-off workers in the first year and another 100 in the second year. What is
remarkable is that the workers were able to turn around the company within 18 months of take-over.

The problems of the co-operative started from the subsequent years. In order to meet its orders, the co-operative took loans from the co-operative bank against its share capital. Most of the contracts the co-operative obtained were from state sector undertakings such as the Electricity Boards of the states of West Bengal and Uttar Pradesh. Payments from these organisations were delayed considerably, 12 to 18 months after deliveries were made. Its capital thus was blocked and it could not undertake other contracts as its working capital was exhausted. At the same time, interests on its loans increased. As in the other cases, the state government, which initially agreed to be guarantor for bank loans, backed out. Finally in 1997 it suspended production, as it could not get working capital for executing orders. Its resources were exhausted and it was unable to pay wages. Several of its members left to seek work in other places and the co-operative was left with 150 workers.

In June 1998 the co-operative was able to restart its activities after recovering some of its outstanding dues. It decided not to take up independent assignments by bidding for tenders. Instead, it began undertaking job work for other industrial units. This has provided it with some income. By May 2000 it was steadily improving its financial condition but its past experiences have left bitter feelings regarding the state government’s attitude. Its problems in this regard are similar to those of the shipbuilders’ co-operative. It lost contracts because it was unable to offer bribes to the concerned authorities. Similarly, recovery of dues from the electricity boards was delayed for the same reason. The workers were bitter because despite their political links with the CPI(M) they had to face these problems.
Wire Machinery Co-operative

Wire Machinery Employees Industrial Co-operative Society Limited is in the Panihati area in North 24 Parganas district which is in the north of Calcutta. The factory has 106 workers of whom 90 are engaged in the various shops, six work in the office and there are six security guards. In addition there are two engineers and two draughtsmen. The co-operative had appointed a Chief Executive Officer to supervise the entire functioning of the co-operative but later, in 1997, he resigned. The management of the co-operative is by an elected managing committee comprising the chairperson, the secretary and seven committee members. The chairperson is an office staff while the secretary is a worker. The total membership of the co-operative is 95 and it was registered on 10 September 1980.

The co-operative produces wires of different gauges for cranes and other hauling equipment. Its fabrication shop manufactures small and medium size foundry materials which are required by larger industrial units.

Wire Machinery Manufacturing Corporation Limited, as the unit was originally known, was established in 1962 and it had a good market for its products. Its problems started in the 1970s when Calcutta faced acute power shortages. The factory required a regular supply of power to run its heavy-duty motors and the frequent power cuts disrupted its production. It was thus not able to meet pending orders for its products and its market gradually declined. The company could have set up its captive power unit which would overcome the shortage but its owners were not interested in making additional expenditures. There were serious feuds among the family members owning the factory which contributed to the crisis as no long term decisions on investment could be taken.

In 1975 the company shut down the factory, as it could not pay wages. The workers, who numbered 290, were left without work. Their union tried to get the owners to reopen the
factory or pay the workers lay-off wages, but to no effect. This situation continued for the next three years. Several of the workers had by then left in search of work elsewhere. Finally in 1978 the owners appealed to the High Court for permission to liquidate the company.

The workers were initially shocked at hearing the news. Their union leaders were also seized with the problem and they suggested that the workers should try and run the factory by forming a co-operative. This would be a temporary measure as the union would try and persuade the newly elected Left Front government in the state to takeover the company. The 95 workers who remained with the union during the three years of closure got together to form the co-operative. After registering the organisation the workers appealed to the High Court that rather than auction the company the co-operative should be provided the opportunity to run it. It was willing to rent the factory and its machinery. The co-operative could then undertake job work which would provide some income for its impoverished members. The court agreed to this arrangement but noted that the agreement would be renewed every year. Moreover this would continue only till such a time some alternative was found for disposing the assets of the company. The co-operative functioned for a few years in this manner.

Initially business was not too good and the workers got meagre stipends for their survival. After a year or so the situation improved as the co-operative was able to get regular orders from clients. By 1985 it achieved some stability and its members could get higher stipends. The members then started discussing that they could increase their income further had they started manufacturing their own products rather than doing job work for others. But this was easier said than done.

In order to start manufacturing its own products the co-operative would need to repair some of the machines and upgrade or replace others. This was not possible as the co-
operative did not own the machines. The High Court had merely granted lease of the property hence the co-operative could not change or replace any part of the leased property. The co-operative could appeal to the High Court and seek permission for upgrading the machines but from where would the finances for this venture come? Enquiries made by the trade union leaders showed that no financial institution would be willing to provide loans for this venture as the co-operative was not the owner of the property.

The only way left for the co-operative was to purchase the company, but it did not have adequate resources for this. After a series of discussions among the workers and the local union leaders, a consensus was reached that the co-operative should purchase the company. The workers were determined that they would gather the necessary finances to do so. An application was moved to the High Court on 2 June 1985 requesting that the assets of the company be auctioned and the co-operative be given a fair chance to bid. The co-operative requested that if its bid was accepted then it should be allowed to pay the amount in instalments.

Based on this appeal the High Court called for an auction on 24 January 1986. The members had by then tried to accumulate as much savings as possible to buy the company. They reduced their stipends and put in extra work so that the savings increased. The total cost of the purchase was fixed at Rs. 1,450,000, an amount too high for the co-operative. However the Court ruled that if the co-operative was interested in purchasing the company it should deposit Rs. 463,000 initially as margin money and the total amount could be paid within six months. The time to pay the margin money was fixed at two weeks from the date of the auction.

Collecting the margin money was a major problem for the co-operative. When the worker-members appealed to the High Court for buying the company, they thought that they
would be allowed to pay the total amount in instalments which would be spread over several years. They could never imagine that the Court would order that the purchaser should pay such large sums of money. The co-operative’s funds were well below the amount required.

The workers were however determined to purchase the company and they started collecting the margin money from all sources. They appealed to the Court to extend the last date for depositing the margin money. The Court agreed to extend the date by a couple of months. The workers then started taking stock of the situation. The co-operative’s savings constituted less than one-fourth of the margin money. The workers decided to give up their stipends for the next few months and contribute these to the fund. When even this failed to meet the requirements, the workers decided that they would contribute individually all what they could. Some of the workers took personal loans; a few others mortgaged their wives’ jewellery while some sold their personal assets in order to raise the amount.

After scraping together all what they could, the workers finally managed to raise the resources. They deposited the amount to the High Court and soon after, the co-operative was permitted to take over the factory. This was of course with the condition attached that the total amount had to be paid within six months. Fortunately this problem was solved because a bank agreed to provide the remaining amount as loan. The co-operative thus became the owner of the factory in May 1986.

At the time of the takeover, the co-operative had 69 members. The average stipend they received was Rs. 450 per month, which was very low. The stipend could be raised after the co-operative became owner, but the members decided that the most important task before them was of improving the machinery and increasing production. These moves would ensure long-term stability. At the meetings to decide on these issues, workers took different stands. Some of them (a minority) had argued that their personal resources were exhausted and the
amount should be increased so that they could improve their depleted financial conditions. Others argued that improving the condition of the factory was more important. Workers had made sacrifices and faced hardship for several months. They could continue do so for a few more months till the situation improved. The workers decided finally that the immediate need was to improve the factory and they agreed not to increase any further expenditure through wages.

Another which point the workers felt was equally important was the need for qualified and competent technical personnel. They could improve the machinery but could they look into the technical aspects of the renovated factory? All their efforts would be in vain if after taking loans to revamp the existing machinery they were unable to achieve optimum production. They needed trained technical personnel but which technical manager would be willing to join a cash strapped enterprise? The workers decided that they would pay a higher salary to the people offering to join and help build up their enterprise. The then secretary of the managing committee, a worker, told me, “We decided that we needed good people. We needed an engineer who could manage the factory and another manager who would promote sales. We are not well educated. We can work in the factory and produce goods but we cannot go to big companies and ask them to buy our products. Who would talk to us? We then decided that even if we are earning Rs. 500 a month, we will pay our managers Rs. 5,000 a month if necessary. The future of this factory is our future. We had to make it succeed.”

They thus appointed two managers one of whom was in-charge of production, planning and finance and the other looked after marketing. Both became members of the co-operative and one of them, the production manager, was later elected as chairman of the co-operative.
The workers sacrifices and their vision bore fruit soon after. The co-operative witnessed rapid growth. By early 1992 the number of workers increased to 110 because of the increase in the volume of work. Its turnover increased ten-fold. The wages of the workers too increased by three-fold during this period. By 2000 they were able to earn more than workers in other factories in the area.

Besides increase in wages workers regained other benefits as well. They were covered by the Employees State Insurance Scheme (for illness and accidents). This scheme was in operation earlier, as it is mandatory for enterprises of this size, but it was discontinued during the period when the factory was closed. The Provident Fund scheme had also been discontinued and this would affect the workers’ retirement benefits. The co-operative decided to restart the scheme and it also paid the arrears accumulated. Other schemes relating to social security such as Group Gratuity Scheme, were implemented retrospectively since 1982 by paying the accumulated arrears.

The co-operative’s expenditure increased as it needed to repair its factory and improve its infrastructure. The state government had given it an interest free loan of Rs. 300,000. It used Rs. 200,000 of this amount to repair the factory building. It also purchased an 81 KVA generator to overcome the shortage in power. The earlier management, which was financially sounder, had refused to install a captive power unit as it had found it too expensive. These workers did it because they realised that a well-run factory would be more profitable. The major part of the cost of the generator was met through the co-operative’s own resources. Moreover, it repaid back the state government’s loan within four years. Its bank loan was repaid by 1992.

Though the co-operative has progressed significantly, it is faced with problems that have affected its further development. One of main problems it faces is that of adequate
working capital. The managing committee members told me that the unit could show much greater productivity if it had more working capital. This would enable the co-operative to buy its raw materials for executing its orders. In the absence of this it is unable to expand its business by taking on more orders.

The lack of working capital is mainly because the co-operative has been unable to get credit either from the bank or from the state government. Soon after repaying its bank loan for purchase of the unit, the co-operative was sanctioned another loan by the bank as working capital which it paid back during the stipulated period. However after that, despite its good record of loan repayment, the co-operative has not been able to get any further loan from the bank. We found out that the bank wants guarantees in order to provide loans. The loans the co-operative had got earlier were through the guarantees provided by the state government. Unfortunately, as in the other cases, the state government had refused to be guarantor.

The co-operative is thus faced with a situation where it can increase its business but it lacks working capital to do so. This has seriously affected the profitability of this enterprise. The co-operative has to use its own resources for buying raw materials, for repair and upgrading its machinery and all other sundry expenses. Most other enterprises would do get loans to cover the immediate expenses for these activities.

Corruption in procuring orders and getting payments is yet another major problem for the co-operative. This was mainly prevalent while procuring orders from the government and the main clients for the co-operative were the state governments. I was told that even after getting orders on the basis of tenders, the co-operative was expected to pay bribes to speed up the process. Payments too were delayed if money did not exchange hands. This was a common problem for most of the co-operatives covered in this study, which were dependent on government or municipal orders. Finally the co-operative decided to overcome these
problems by accepting orders through agents. Its revenue was lower in this case as it had to part with a commission for the agents but the problem of dealing with corruption was not theirs anymore. The agents took care of this. Orders gained from the state governments handled through agents. The co-operative also exports its products to countries in the Middle East and these too are handled through agents as it is necessary to grease palms of officials connected with exports.

The co-operative also markets directly in some cases but this is mainly as outsourcing for a larger enterprises. For example the heavy machinery it manufactures for haulage of coal is done for a large-scale engineering company in the private sector. This company provides advance of cash for enabling the co-operative to manufacture the equipment. The co-operative could obviously not manufacture the equipment on its own as it does not have adequate capital required for organising the production and marketing the product. Both aspects require much higher financial inputs. Hence we can see that lack of credit and corruption are the two main reasons preventing the co-operative from improving its performance.

Despite all the problems, internal democracy in the co-operative is fairly well established. Decisions on policy matters are taken by the Managing Committee. There is a small coterie within this committee which seems to dominate in the decision-making. This initially gave the impression that this group of five members are in fact taking all decisions on behalf of the co-operative. However subsequently we found that these people would consult the workers before discussing a major decision or would keep the workers informed of all decisions.

**Conclusion: Co-operatives and Social Emancipation**

In the previous sections we have discussed about two types of co-operatives situated in two different cities. Despite the differences there are some common features among these
co-operatives. Firstly, all of them were initiated by their trade unions. This aspect was very important for the formation of the co-operatives. The co-operatives of waste pickers in Ahmedabad were initiated by SEWA as a part of its trade union activities. SEWA has a definite strategy of promoting co-operatives as a part of its trade union activity.

The co-operatives in Calcutta too were started by their union but there is a difference from the approach of SEWA. The trade union leaders had proposed that the workers should take over the units after their managements had shut them. At the same time the position of the unions was ambivalent in the beginning, unlike the positive approach of SEWA. They had favoured the idea of forming the co-operatives and taking over production as an immediate measure of relief. The union leaders were primarily trying to contain the problem of unemployment resulting from the closures but they also believed that this was a prelude to take-over by the state government. The workers too believed this.

After the initial support, the state government became indifferent to the fate of the co-operatives. This was a result of changes in the Left Front government’s orientation. When the Left Front was elected for the first time in 1977, it adopted a pro-labour policy. After 1987, when it was elected for the third time, its attitudes changed. The government then tried to create an atmosphere in the state that would be congenial to foreign investment. It tried to change its image to an investor friendly government. In this process the interests of labour were sidelined. The worker co-operatives were victims of the government’s new policies. This has created bitterness among these workers as well as the local level trade union leaders who were supporting the co-operatives in their area. As mentioned earlier, the unions to which the workers are members are affiliated to CITU and their leaders are local level CPI(M) leaders as well. These leaders have been a major source of encouragement to the workers despite the lack of support of the CPI(M) led Left Front government.
A positive fallout of this situation is that these co-operatives have learned to depend on their own strength for survival, rather than depend on an external agency like the state government. Despite the adversities these co-operatives have continued to exist. This is true not only of the four co-operatives discussed in this paper but of the other worker co-operatives in West Bengal as well. Out of the twenty odd co-operatives in Calcutta in late 1970s and early 1980s, only two of them have been dissolved so far.

In the above discussion we have to make an exception in the case of the printing co-operative. Here the local level CPI(M) leaders have tried to disrupt the functioning of the co-operative. The original members of the co-operative say that the local CPI(M)/CITU leaders helped in the formation of the co-operative but they changed their attitude later when they found that the worker-members were opposed to providing a building to house the party office. After this the local leaders tried to create divisions by instigating the new members against the original members. The latter too were members of the CITU affiliated union but after the ensuing conflicts with the new workers who inducted by the local union leaders, they became disillusioned with the union and ceased to be its members. In the initial survey of worker co-operatives in the city we came two similar instances. In all these cases the local CPI (M) leaders who had initiated the co-operatives viewed them as sources for generating funds for the party and for employment of its cadres.

Besides support of the trade union another major factor for the existence of these co-operatives was internal democracy. In the co-operatives initiated by SEWA, democracy was not restricted to election of leaders. The union organised programmes for members of the co-operatives for training them to take control of their organisation.

The co-operatives in Calcutta had internal democracy and the union leaders played a positive role in promoting this, except in the printing co-operative. The leaders met the
workers frequently and explained the problems to them. Dissemination of information is the basis of internal democracy. In the three co-operatives the leaders tried to keep the members informed on all aspects of the co-operatives. Day-to-day activities and policy matters were handled through consensus. This ensured that all workers would participate actively in the co-operative’s functioning.

Co-operative democracy was practised through formal as well as informal means. The formal means was through the General Body Meetings where reports were placed for discussion and policies were finalised. Elections to the Managing Committee (Board of Directors) were held regularly. Elections in the ship building co-operative were always unanimous. The number of members were few so it was possible for the leaders to try and build a consensus for the posts in the Managing Council. The aluminium cable co-operative had a comparatively larger number of workers and elections were contested, however its bye-laws stated that only those engaged in the enterprise could contest the elections. The members who are not employed in the co-operative are excluded from contesting elections though they can vote. In all the co-operatives members of the Managing Committee were changed through elections so as to give a chance to more members to take part in the decision-making. The informal methods included holding of discussions and trade union meetings to explain to the workers the functioning of the co-operative. This method enabled the members to understand the problems of their co-operative. They could also give their suggestions on various matters concerning the management of the co-operative.

Democratic functioning became a major problem in the printing co-operative as the members were divided. The general body meetings of this co-operative invariably ended in chaos as the battle lines between the two groups were clearly demarcated. At the time of the study the group of the new members, with the help of the political influence of the local
CPI(M) leaders, got the state’s Co-operative Department to appoint an administrator for the co-operative as the Managing Committee was unable to take any decision or pass any resolution. Hence internal rivalry had weakened the co-operative’s democratic functioning.

Another important issue that needs to be discussed is the role of the state. In the case of the waste pickers’ co-operatives the state has neither helped nor hindered in their formation. At the same time there were other features such as harassment from local authorities and termination of contracts for collecting waste paper from government offices can be viewed negative aspects of state interference. The co-operatives were able to overcome these through trade union action. As a union, SEWA’s influence goes beyond membership of waste pickers and as such its collective influence is strong. Hence the backing of SEWA as a union was, to a large extent, responsible for easing the adverse situations faced by the women waste pickers.

The situation of the worker co-operatives in Calcutta was more complex. State intervention was necessary for their formation. The backing of the state came mainly because of the political support their unions enjoyed. However after the co-operatives were formed the state’s support was withdrawn. The workers were left to fend for themselves. Another feature which surfaces is that of corruption. Besides not getting the promised guarantees for loans, the co-operatives found that they would have to pay bribes to various state agencies for procuring orders and also for collecting payments after the orders were executed. This was despite the fact that the state government has a rule that preference must be given to co-operatives in procuring orders.

Corruption could be counteracted if the union (CITU) had taken a stand against these practices at the state level. The union could have ensured that these co-operatives get the preference promised by the state government and also pressurised the state to make faster
payments to the co-operatives. This unfortunately was not done. There is a difference between the support of the local CITU leaders to their respective co-operatives and the position of the CITU at the state level. In fact neither the CITU nor the CPI(M) has highlighted the achievements of these co-operatives in the state conferences or their annual reports. Its approach appears as: Worker co-operatives can be tolerated but they are nothing to write home about. This approach is unfortunate because though CITU and CPI(M) claim to be Marxist organisations, they seem unaware of Marx’s positive views on worker co-operatives. On the other hand SEWA’s annual reports make a special mention of the achievements and the problems of the co-operatives it has sponsored.

In conclusion we can say that despite all the problems and shortcomings, these co-operatives have shown that ordinary workers are capable of taking control of the means of production if they are given the opportunity. The worker co-operatives in Calcutta have, in their limited ways, tried to protect job losses and production through their collective efforts. The determination they has expressed in their endeavours can been seen from the fact that the co-operatives have existed for several years despite the odds. The waste pickers organised by SEWA in Ahmedabad demonstrate that the poorest and socially marginalized sections can improve their economic and social conditions through the co-operative movement.
References


