

Cooperatives and the Emancipation of the Marginalized: Case Studies from Two Cities in India

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INTRODUCTION

This chapter attempts to examine the role of cooperatives 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 cooperatives formed by waste pickers in Ahmedabad and worker cooperatives in Calcutta. These cases show how marginalized workers of society try to protect their right to gainful employment through collective action.

The process of globalization through structural adjustment has adversely affected the working class throughout the world. Labor in most developing countries has suffered because the restructuring of industry has invariably led to unemployment due to the closure of "unprofitable" industrial units. In India, the Industrial Policy Statement placed before Parliament on 24 July 1981 was in tune with the global process of structural adjustment. Two glaring features of this policy are: firstly, the undermining of the public sector and, secondly, the reduction in employment in the formal/organized sector. Trade unions have by and large opposed these policies. They have organized nationwide 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 supports for job security and social security do not apply with the same rigor. These workers form the bulk of the industrial labor 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 takeovers. 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, since the government has taken no step to encourage such cooperatives.

At the same time, there are a number of cooperatives that have emerged through the workers' struggle to maintain employment and production. There are some instances of worker cooperatives in tea plantations, mines, and industrial units. The workers of the Sonali Tea Estate, a tea plantation employing around 500 workers in the Jalpaiguri district in the state of West Bengal, established the first worker cooperative in the tea industry in 1974. In Tripura, a state in Northeastern India, five tea plantations have been successfully managed 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 cooperatives operating in the open cast iron ore mines (Bhowmik, 1994). In Calcutta, the capital of the state of West Bengal, there are at least twenty industrial units that have been managed by worker cooperatives since the early 1980s. All these cooperatives are surviving with very little or no financial assistance from the government. The fact that these cooperatives have survived for nearly two decades or more without external assistance is itself a measure of their success. I will try to examine some of these cooperatives in this chapter.

Along with the unemployed due to the 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 the lack of any form of livelihood. They have few skills to enable them to compete in the labor 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 cooperatives in helping the marginalized.

COOPERATIVES AND MARGINALIZED WORKERS

The origins of cooperation 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 cooperative 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 cooperatives as a step towards a larger goal, namely, a socialist society characterized by economic democracy. Rochdale served as a model for many other cooperatives in England, the United States and

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

The views of some of the earlier promoters of cooperatives, such as Robert Owen, were criticized because, though they viewed cooperatives as a form of social transformation, they believed that the movement would succeed if both labor and capital cooperated towards this transformation. Karl Marx, especially, was a bitter critic of these views. However, Marx himself was not against formation of worker cooperatives. In fact, he advocated that worker cooperatives could play an important role in emancipating the working class from capitalism, provided they serve as allies of the labor movement. The main contribution of these institutions lay in their ability to demonstrate 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 cooperative 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 cooperatives as a form of emancipation for the oppressed worker. Cooperatives 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 Cooperative Principles, appointed by the International Cooperative Alliance in 1965, took a similar view. A cooperative, 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 cooperative and scope to exercise his own judgement. (NCUI, 1969: 20)

In this way cooperatives, if run democratically, can help reduce alienation among workers. Cooperatives are thus not expected to function merely as mutual benefit societies. They also have certain social obligations that are spelt out in the principles of cooperation. While elaborating on this aspect, the Commission on Cooperative Principles noted:

Cooperation 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 cooperative 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. (NCUI, 1969: 10)

We need to keep these objectives in mind while examining the contribution of cooperatives. In the next sections we shall attempt to do this.

WASTE PICKERS IN AHMEDABAD¹

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 kilometers every 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 in the garbage. After they finish their collections for the day, they sort the materials and then sell them 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 seems to be worse than that of their counterparts in Colombia, who move around in animal-driven carts while searching for recyclable waste.²

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 against 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 center for textile production. The scenario is very different now. For the last 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 also has a number of waste pickers who depend on recycling for their existence. For the past twenty-five years the Self-Employed Women's Association (SEWA), based in Ahmedabad, has been organizing 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.

SEWA's origins were in the Textile Labor 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 programs for developing the skills of poor women so that they could earn a livelihood. Skill development mainly meant teaching the women to sew on machines, encouraging them to take up activities such as the block printing of cloth and garments, the dyeing of clothes, etc. Its work was more in the nature of social service. After engaging in these activities for some time, the organizers found that the type of activities they were engaged in could only provide partial relief to these marginalized women. What they needed was an organization 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 workingwomen 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 nearly 250,000, is the largest registered trade union in the state. Initially SEWA had close links with TLA but these were snapped in 1981.

Unionizing the waste pickers

Besides organizing self-employed women workers through trade unions, SEWA promotes cooperatives among its members to cover a variety of services and also helps in providing alternative employment opportunities. By 2000, SEWA had sponsored more than eighty such cooperatives covering a wide variety of areas, including industrial and producer cooperatives and service cooperatives. After forming a cooperative, the union assists its members in developing financial and managerial skills. It organizes adult education classes for these women where, besides learning to read and write, the women are taught accounting and the objectives of cooperatives, among other topics. These activities help in empowering the members to manage their cooperatives through their own resources rather than depending on outsiders.

One of the first activities of SEWA as a trade union was of organizing waste pickers in the city. SEWA unionized 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 initially collected donations in order to provide these articles. The aprons and bags are blue in color 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 have been harassed less frequently. They are allowed access into several streets where they had earlier been prevented from entering. Their identity as members of SEWA is mainly responsible for this change in attitude because they are now seen as part of a collective.

Harassment and prevention from carrying out their activities are not the only forms of exploitation these workers face. The traders to whom they sell their daily collection 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. If the trader refuses to accept their goods, they will starve that day.

The union activists of SEWA studied the waste recycling market and found that the demand for wastepaper fluctuated over the year. It increased in some parts of the year and decreased at other times. The traders increased their profits by storing the wastepaper when the demand was low and selling when the 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 its members. 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 a bonus. This scheme proved a success and more such storehouses were soon set up in other parts of the city.

Formation of cooperatives

The next step the union took was to find 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 because their collections would go up. These new activities could be undertaken by forming cooperatives among the women.

In 1983 SEWA initiated the formation of a cooperative that would take up contracts for cleaning and collecting wastepaper from offices. This cooperative, called Saundariya Mahila SEWA Cooperative, has at present around 500 members. It has contracts for cleaning a number of large offices, academic institutions and other public buildings. The cooperative also takes up contracts for removing wastepaper from offices. It has been able to get contracts from some of the municipal and state government offices for collection of wastepaper. The cooperative pays these offices a fixed amount for allowing it to collect the wastepaper.

Around 200 members of the cooperative are engaged in these activities and they get a regular wage for their work. The profits of the cooperative are distributed among all its members. The cooperative faced some problems because the state government did not renew its contract for wastepaper collection from its offices in 1999. This point is mentioned in SEWA's annual report for 1999. The report also states that the Saundariya cooperative was optimistic about renewing its contract with the government offices in the near future. This was done after the union and the cooperative 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), which was started to help the poor in urban and rural areas. The ICDS provides training to pre-school 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 cooperative named Trupti Nasta Mahila SEWA Cooperative Society, which 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 just to serve the food or prepare desserts at these functions. Besides these activities, the cooperative has got contracts to open canteens and tea stalls at offices.

The cooperative organizes training programs for its members on various aspects of food management, including nutrition. It also holds programs on cooperative education and literacy. Trupti Nasta is one of the more successful cooperative ventures sponsored by SEWA. It has been making profits since its clients appreciate the food it prepares because it is tasty, comparatively less expensive and served properly. The cooperative used to operate from the headquarters of SEWA in Ahmedabad, but it has now bought its own workspace in the city (SEWA, 1999: 60).

SEWA has organized 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 beans in the mornings and pick paper in the afternoons. Another group of women are engaged in making paper bags and paper stationery.

Regaining self-respect

The success of the two cooperatives 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 cooperatives, 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 in 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 the 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 outcasts among the city dwellers.

The formation of cooperatives 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 unionized themselves. This gave them confidence in their own abilities. They were able to enhance their development through

cooperatives. Hence we can see that the interlinking of trade unions with cooperatives can become an effective measure for the emancipation of the poor and the socially oppressed.

Let us now turn to another type of cooperative 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 cooperatives in the city of Calcutta.

WORKER COOPERATIVES IN CALCUTTA³

Calcutta was once a vibrant industrial metropolis famous for its jute mills and engineering factories. Since the late 1960s the scenario has 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 the 1,580,000 workers employed in these units redundant. Several more industries are on the verge of closing.

In the midst of this depressing scenario one finds a flicker of hope in the fairly large number of worker cooperatives that exist here. We have identified around twenty such units in and around Calcutta. These are mainly small-scale or medium-scale industries that have between twenty to a little over a hundred workers each. We shall take up four of these cooperatives 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 India (Marxist), CPI(M). This coalition was elected in 1977 and has continued to be voted into power till the present (March 2001). The major trade union in the state is the Center for Indian Trade Unions, CITU, which is regarded as the trade union wing of CPI(M). Trade unions in all the worker cooperatives in Calcutta, including the four cases in this chapter, are affiliated to CITU.

The four cooperatives have been selected after surveying eighteen of the existing cooperatives (two of the cooperatives had ceased to function). These include a shipbuilding unit, a unit manufacturing aluminum 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 all were regarded as 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.

The shipbuilding cooperative

Situated in the Cossipore area of Calcutta, the East Bengal River Steam Service and Engineering Workers Industrial Cooperative Society Limited was formed in 1979. The original company was an old enterprise that 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. There were some external factors, relating mainly to its restriction in business with the erstwhile East Pakistan (now Bangladesh), while others were related to the internal management of the company. It managed to pull along until 1969. Its balance sheet of 1968-69 showed a profit. After that the company started suffering heavy losses. In September 1976 the owners shut the company down, as its debts were insurmountable. Its labor force, which was once over 1,000, was reduced to ninety-one as most workers left to find other work. Its debtors 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 to be sick and take over its management. The state government sent a proposal to the central government in 1978 for the takeover of the company but the central government rejected the proposal. The workers' union then requested the state government be allowed to run the company. This was accepted, and the state government advised that the workers should form a cooperative so that they could manage the company. The state government's Department of Industrial Reconstruction would help in financing the venture.

The cooperative was registered in November 1979. All ninety-one 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 it had the political support of the CPI(M).

Based on the assurance of the state government, the cooperative appealed to the High Court to be permitted to buy the company. The court agreed to this and ordered that an official assessor assess the company's worth. The price was thus fixed and the cooperative took possession of the company on 30 October 1980. The deed of sale was executed in 1981. The state government agreed to provide a loan to the cooperative to buy out the company. Production was started in December 1981. A guarantee of Rs. 3,000,000 was provided by a nationalized 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 cooperative to modernize the existing equipment. The cooperative hoped that it could borrow money from the bank for this purpose. However, they required a guarantee

from the state government. Unfortunately, when they approached the government, it refused to honor its commitment.

The above decision came as a shock to the workers. Earlier, at the time of the formation of the cooperative, the workers were given to understand by the Minister of Finance that this was a temporary arrangement prior to the takeover by the state government. The workers now realized that the government would neither take over the shipyard nor would it help the cooperative in developing it. After a series of general body meetings, in which the local CPI(M) leaders also 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 until the financial situation improved. Secondly, they would increase their productivity, as this would cut down on production costs. The cooperative decided to undertake job-work (outsourcing) for other companies, mainly for ship repair.

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 cash advances. By 1991 the cooperative 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 cooperative during this time was that wages would not increase even after these surpluses were recorded. The workers realized that their future could be secure only if the cooperative 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 cooperative give up a part of the land that it held to NBSTC. This could form a rehabilitation package for the cooperative. NBSTC would pay Rs. 10,000,000. The Inland Water Transport Corporation of the state government would take over the cooperative and would modernize the dockyard and the workshop. The cooperative would have to reduce its workforce to fifty. Only those workers under 55 years of age would be retained and the others would be given adequate compensation. The cooperative 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. They paid a high bonus to the cooperative's 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. The workers suffered a serious

setback as a result. They were now worse off than before, since 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 cooperative 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, was 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 for a government takeover. The local CPI(M) leader who provided the external leadership to this endeavor 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 kickbacks to those in power and that for this reason it was abandoned.

The cooperative was unable to employ technical personnel because 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 other afternoon to provide technical know-how. He did not charge any fees for his services since he was a sympathizer of the CPI(M) and 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 because they felt that even in these troubled times they were not alone.

The situation was more or less the same when I visited the cooperative in June 2000. Its financial condition was slightly better and the workers were receiving higher wages. The consultant had helped bring in 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 cooperative 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 result 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 cooperative—it had raised the self-confidence of the workers.

The printing cooperative

The Eastern Type Foundry and Oriental Printing Works Employees Industrial Cooperative Society Limited was started in 1987. The cooperative

has forty-two workers as its members. The total number of employees of the cooperative is fifty-one, of whom seven 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 letterpresses. This technique became obsolete in most parts of the world after offset 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 work force 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. Letterpresses 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 it. These people collectively owned a majority of the shares. In the 1970s, the union pointed out several irregularities in 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 cooperative that could take over the company through the help of the government. Thus the cooperative was formed in 1987 with thirty workers who had continued to fight for their dues. The company meanwhile went into liquidation and the cooperative, with the initial financial backing of the state government, was able to buy the company.

The cooperative 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 cooperative needed more workers. On the recommendation of the local committee of the CPI(M), fifteen temporary workers were taken on. They were made permanent after a year, and twelve 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 were also 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 cooperative 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 cooperative with its 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 cooperative is still functioning and is able to pay wages. It could improve its position if it were 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.

Aluminum cables and conductors

This cooperative is known as the Alcond Employees Industrial Cooperative Society Limited and was formed by the employees of Aluminum 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 cooperative has a membership of 265, all of whom were workers in the company, though later some left after they found work elsewhere.

The company manufactures power conductors and aluminum 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 aluminum 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. Its 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 the diversion of the company's financial resources to other investments. In 1983 it closed the factory. The workers' union resorted to all quarters in the government and used all types of pressure on the management to re-open the factory. After three years of determined struggle, in 1986, the workers were able to force the management to re-open the factory. After a fortnight, the factory closed again and this time it was because its financing bank had filed a liquidation case to recover its arrears. The union then decided to organize the workers into a cooperative so that it could run the factory.

The government supported the union's move to form the cooperative 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, handed it over to the cooperative. 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 takeover, the members found that the machines and equipment in the factory were damaged. The cooperative 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 cooperative 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 cooperative was able to 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 takeover.

The problems of the cooperative started in subsequent years. In order to meet its orders, the cooperative took loans from the cooperative bank against its share capital. Most of the contracts the cooperative obtained were from state sector undertakings such as the Electricity Boards of the states of West Bengal and Uttar Pradesh. Payments from these organizations were delayed considerably, by 12 to 18 months after deliveries were made. Its capital was thus blocked and it could not undertake other contracts because 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 depleted and it was unable to pay wages. Several of its members left to seek work in other places and the cooperative was left with 150 workers.

In June 1998 the cooperative 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 among its members regarding the state government's attitude. Its problems in this regard are similar to those of the shipbuilders' cooperative. 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.

The wire machinery cooperative

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

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

The 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 have overcome the shortage, but its owners were not interested in making additional expenditures. There were serious feuds among the family members owning the factory that contributed to the crisis, since no long-term decisions on investment could be taken.

In 1975 the company shut down the factory because 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 suggested that the workers should try and run the factory by forming a cooperative. This would be a temporary measure as the union would try and persuade the newly elected Left Front government in the state to take over the company. The ninety-five workers who remained with the union during the three years of closure got together to form the cooperative. After registering the organization, the workers appealed to the High Court, saying that rather than auctioning the company, the cooperative should be provided the opportunity to run it. It

was willing to rent the factory and its machinery. The cooperative could then undertake job-work that 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 until some alternative was found for disposing of the assets of the company. The cooperative functioned for a few years in this manner.

Initially, business was not very good and the workers got meager stipends for their survival. After a year or so, the situation improved as the cooperative 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 whether they could increase their income further if 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 cooperative would need to repair some of the machines and upgrade or replace others. This was not possible since the cooperative did not own the machines. The High Court had merely granted lease of the property, hence the cooperative could not change or replace any part of it. The cooperative 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 because the cooperative was not the owner of the property.

The only option left for the cooperative 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 cooperative 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 cooperative be given a fair chance to bid. The cooperative requested that if its bid was accepted then it should be allowed to pay the amount in installments.

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 cooperative. However, the Court ruled that if the cooperative 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 cooperative. 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 installments that would be spread over several years. They never imagined that the Court would order that the purchaser pay such large sums of money. The cooperative's funds were well below the amount required.

The workers were, however, determined to purchase the company and started collecting the margin money from all sources. They appealed to the Court to extend the deadline for depositing the margin money. The Court agreed to extend it by a couple of months. The workers then started taking stock of the situation. The cooperative'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 that they could. Some of the workers took personal loans, a few mortgaged their wives' jewellery, and some sold their personal assets in order to raise the amount.

After scraping together all that they could, the workers finally managed to raise the resources. They deposited the amount with the High Court and, soon after, the cooperative was permitted to take over the factory. This was of course with the attached condition 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 a loan. The cooperative thus became the owner of the factory in May 1986.

At the time of the takeover, the cooperative had sixty-nine members. The average stipend they received was Rs. 450 per month, which was very low. The stipend could be raised after the cooperative became owner, but the members decided that the most important task before them was that 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. A minority argued that their personal resources were exhausted and that 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 until the situation improved. Finally, the workers decided that the immediate need was to improve the factory and agreed not to increase any further expenditure through wages.

Another point that 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 what 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 would 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, while the other looked after marketing. Both became members of the cooperative and one of them, the production manager, was later elected as chairman of the cooperative.

The workers' sacrifices and their vision soon bore fruit. The cooperative 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 wage increases, the 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 cooperative decided to restart the scheme and it also paid the arrears accumulated. Other schemes relating to social security, such as the Group Gratuity Scheme, were implemented retrospectively from 1982 by paying the accumulated arrears.

The cooperative's expenditures 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 because it had found it too expensive. These workers did so because they realized that a well-run factory would be more profitable. The major part of the cost of the generator was met through the cooperative's own resources. Moreover, it paid back the state government's loan within four years. Its bank loan was repaid by 1992.

Though the cooperative has progressed significantly, it is faced with problems that have affected its further development. One of the 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 cooperative to buy the 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 due to the fact that the cooperative has been unable to get credit either from the bank or from the state government. Soon after repaying its bank loan for the purchase of the unit, the cooperative was given 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 cooperative has not been able to get any further loans from the bank. We found out that the bank wants guarantees in order to provide loans. The loans the cooperative 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 cooperative 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 the enterprise. The cooperative has to use its own resources for buying raw materials, for repairing and upgrading its machinery and all other sundry expenses. Most other enterprises 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 cooperative. This was prevalent mainly when procuring orders from the government, and the main clients for the cooperative were the state governments. I was told that even after getting orders on the basis of tenders, the cooperative was expected to pay bribes to speed up the process. Payments were also delayed if money did not change hands. This was a common problem for most of the cooperatives covered in this study, which were dependent on government or municipal orders. Finally, the cooperative 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 no longer theirs. The agents took care of this. Orders gained from the state governments are handled through agents. The cooperative also exports its products to countries in the Middle East and these too are handled through agents since it is necessary to grease the palms of officials connected with exports.

The cooperative also markets directly in some cases, but this is mainly as outsourcing for 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 cash advances for enabling the cooperative to manufacture the equipment. The cooperative could obviously not manufacture the equipment, as it does not have adequate capital required for organizing 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 cooperative from improving its performance.

CONCLUSION: COOPERATIVES AND SOCIAL EMANCIPATION

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

Trade union support

The cooperatives in Calcutta were also started by their union, but there was 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 favored the idea of forming the cooperatives 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 a takeover by the state government. The workers also believed this.

After the initial support, the state government became indifferent to the fate of the cooperatives. 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-labor 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 that of an investor-friendly government. In this process the interests of labor were sidelined. The worker cooperatives were victims of the government's new policies. This has created bitterness among these workers as well as the local trade union leaders who were supporting the cooperatives in their area. As mentioned earlier, the unions of 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 from the CPI(M)-led Left Front government.

A positive effect of this situation is that these cooperatives 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 cooperatives have continued to exist. This is true not only of the four cooperatives

discussed in this paper but of the other worker cooperatives in West Bengal as well. Out of the twenty-odd cooperatives in Calcutta in the late 1970s and early 1980s, only two have been dissolved so far.

In the above discussion we have to make an exception in the case of the printing cooperative. Here the local CPI(M) leaders have tried to disrupt the functioning of the cooperative. The original members of the cooperative say that the local CPI(M)/CITU leaders helped in the formation of the cooperative but that 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 were also members of the CITU-affiliated union, but after the ensuing conflicts with the new workers, who had been inducted by the local union leaders, they became disillusioned with the union and ceased to be its members. In the initial survey of worker cooperatives in the city we discovered similar instances. In all these cases the local CPI(M) leaders who had initiated the cooperatives viewed them as sources for generating funds for the party and for employment of its cadres.

Democratic functioning

In addition to the support of the trade union, another major factor for the existence of these cooperatives was internal democracy. In the cooperatives initiated by SEWA, democracy was not restricted to the election of leaders. The union organized programs for members of the cooperatives for training them to take control of their organization. Subsequently we found that the ordinary members of the two cooperatives were well aware of the functioning of them. They participated actively in the regular meetings held by the union to discuss problems. The more important aspect of these discussions is that the views of the ordinary members were taken seriously and that ordinary members were encouraged to be critical while expressing their views or their suggestions.

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

Cooperative democracy was practiced through both formal and informal means. The formal means came through the General Body Meetings, where reports were introduced for discussion and policies were finalized. Elections

to the Managing Committee (Board of Directors) were held regularly. Elections in the shipbuilding cooperative were always unanimous. There were only a few members so it was possible for the leaders to try and build a consensus for the posts in the Managing Council.

The aluminum cable cooperative had a comparatively larger number of workers and elections were contested; however, its bylaws stated that only those engaged in the enterprise could contest the elections. The members who are not employed in the cooperative are excluded from contesting elections, although they can vote. In all the cooperatives, members of the Managing Committee were changed through elections so as to give more members a chance to take part in the decision-making process. The informal methods included holding discussions and trade union meetings to explain to the workers the functioning of the cooperative. This method enabled the members to understand the problems of their cooperative. They could also give their suggestions on various matters concerning the management of the cooperative.

Internal democracy was fairly well established in the wire machinery cooperative. Decisions on policy matters were made by the Managing Committee. There was a small coterie within this committee that appeared to dominate the decision-making process. This initially gave the impression that this group of five members was in fact making all decisions on behalf of the cooperative. Subsequently, however, we found that these people would consult the workers before any major decision and would keep the workers informed about all decisions.

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

The role of the state

Another important issue that needs to be discussed is the role of the state. In the case of the waste pickers' cooperatives, the state has neither helped nor hindered their formation. At the same time, other features such as harassment from local authorities and termination of contracts for collecting wastepaper from government offices can be viewed as negative aspects of state interference. The cooperatives were able to overcome these through trade union action. As a union, SEWA's influence goes beyond the 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 women waste pickers.

The situation of the worker cooperatives 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 cooperatives were formed the state's support was withdrawn. The workers were left to fend for themselves. Another feature that surfaces is that of corruption. Besides not getting the promised guarantees for loans, the cooperatives 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 cooperatives in procuring orders.

Corruption could have been counteracted if the union (CITU) had taken a stand against these practices at the state level. The union could have ensured that these cooperatives receive the preference promised by the state government and also could have pressured the state to make faster payments to the cooperatives. This unfortunately was not done. There is a difference between the support of the local CITU leaders for their respective cooperatives 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 cooperatives either in the state conferences or in their annual reports. Their approach appears to be that worker cooperatives can be tolerated, but that they are nothing to write home about. This approach is unfortunate because, while CITU and CPI(M) claim to be Marxist organizations, they seem unaware of Marx's positive views on worker cooperatives. On the other hand, SEWA's annual reports make a special mention of the achievements and the problems of the cooperatives it has sponsored.

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

Notes

- 1 Collection of data on waste pickers in Ahmedabad was done initially in 1996. I have supplemented this during my more recent visits to the city and through input from SEWA.

- 2 See, in this volume, the chapter by César Rodríguez-Garavito.
- 3 Data collection on worker cooperatives in Calcutta was done from 1998 to 2000 through periodic visits to these cooperatives. I am grateful to Dr. Kanchan Sarker for helping me collect the data.

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