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# A PLEA FOR SIMPLER FORMS

## OF COOPERATION IN PAKISTAN

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**Azam Ali Khan Aurakzai**

There are few subjects that are more talked about and perhaps less understood than co-operation and many a reader of economic journals has come to look upon contributions on co-operation as attempts to flog a sorry hag afflicted with a permanent limp. But I feel prompted to narrate an episode that left me standing in my shoes to wonder if co-operation was really the last hope for the poverty-stricken multitudes living in relative ignorance, squalor and disease in Pakistan.

Not far from Lahore is a favourite resort for anglers and on a Sunday an economist friend reached this spot with his fishing tackle. Bored with the low material utility and goaded by the demands of the human stomach he headed for a nearby village. He had to traverse four miles of irregular and broken foot paths amidst green fields with their promising crops before he could reach the village. It was an average sort of a village with a sizable population and was called Dheewala. To his great astonishment, in that remote village, my friend noticed quite a few of those money-lender Pathans who are by no means an unfamiliar sight in the urban slum areas. These large-limbed money-lender Pathans with their out-landish appearances and an improvised jargon were threatening some poor scared villagers with dire pains and penalties. On enquiring, it transpired that some months ago, the poor villagers had bought on credit ready-made clothing from the money-lender Pathans at about four times the then prevailing normal prices, and were unable to pay for the clothes at the promised time.

Here was a grim facet of a tragic drama in real life. It wouldn't be so tragic if this were the only case. The tragedy lies in that this drama is being staged every day of our lives on a nationwide scale. The Pathan money-lender and his like penetrate deep into the remotest corners of the country and these human vampires suck the very life blood of our country's needy millions. The very existence of such a large number of usurers bears ample testimony to the appalling poverty of the masses and is a sad commentary on the efficacy and adequacy of the existing credit facilities.

The conditions in the urban areas are not much better. Almost all the dailies in Pakistan have from time to time published hair raising accounts of

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the abject poverty and hand-to-mouth existence of the slum-dwellers and the low paid white-collar workers and the disgustingly extortionist policy of the petty Pathan usurers. The *modus operandi* of the Pathan money-lenders was vividly portrayed in a letter published sometimes, back in an English daily newspaper. I give here an extract from the same. "It is universally known that the Pathans advance loans to their needy victims by getting a pronote for exactly double the amount actually advanced, and even out of the actual advance they deduct interest for the first month in advance calculated at an exorbitant rate of Re. -/2/- per rupee on the amount of the pronote, or 25% a month — since the pronote is for double the amount. Thus a person executing a pronote for Rs. 200/-/- actually gets an advance of Rs. 75/-/- and on pain of violence, is faced with a demand of Rs. 25/-/- every month towards interest." All of this points in one direction: No planned, or even a serious effort on a comprehensive scale, has as yet been, made to ameliorate the circumstances of the persons with small means. The feelings of dissatisfaction, hopelessness and in general a disgruntled attitude towards life, breed fatalism among the ignorant masses and unless quick and positive steps are taken to give them hope for a better life, they are prone to fall an easy prey in the hands of those forces that are willing to exploit them. Machiavelli wrote about four hundred years ago that 'a hungry man is a potential revolutionary'. To-day, it is axiomatic. The communist technique of exploitation of hungry and backward Asiatic countries is based on this fact. President Truman in his inaugural address of Jan. 20, 1949, said, "More than half the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease, their economic life is primitive and stagnant. Their poverty, is a handicap and a threat both to them and to more prosperous areas." What Mr. Truman said in 1949, applies to Pakistan word by word. No doubt, we in Pakistan have withstood the indignities of time, "both at the time of the Partition and after, with a greater determination and fortitude than any other nation can boast of; because we are Muslims and as such we lay a premium on the life hereafter as compared to our earthly existence. We, therefore, in spite of our grievances against life might continue to face hardships that flesh and blood can endure. But a complacent attitude towards the patient sufferings of our masses would never be forgiven by History and the posterity will condemn to-day's leaders of thought and action as hopeless bankrupts.

Most rational thinkers would strongly advocate co-operation as the best hope of the person with small means in Pakistan, may he be an agriculturist, an artisan, a petty trader or even a consumer. As a firm believer in the theory of co-operation, I am convinced of its immense utility in organizing the economic life of the

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persons of small means in Pakistan, but I suggest simpler forms of co-operation instead of the red-tape-ridden hybrid of co-operation that exists in Pakistan to-day.

The Government sponsored co-operatives in Pakistan have played an important role in helping to re-organize the economic life of the country at a time when the economy had been dislocated due to exodus of non-Muslim financiers and money-lenders from Pakistan at the time of Partition. But all this work was in connection with taking over and re-organizing big business — ginning factories, rice-husking mills, flour mills, etc. — enterprises which can best be organized on a joint stock basis. However, in spite of the good work done by the co-operatives, at the time of Partition, the fact remains that the cooperatives had diverted their attention from the village to big business and commercial undertakings and in doing so the primary objective of cooperation, *i.e.*, helping the isolated and powerless individuals was thrown in the background.

The theory of cooperation, as laid down in the Maclagan Committee Report is that ‘an isolated and powerless individual can, by association with others and by moral development and mutual support, obtain, in his own degree, the material advantages available to wealthy or powerful persons, and thereby develop himself to the fullest extent of his natural abilities. By the union of force material advancement is secured, and by united action, self-reliance is fostered, and it is from the interaction of these influences that it is hoped to attain the effective realization of the higher and more prosperous standard of life which has been characterized as better business, better farming and better living.’

In the sphere of moral reorganization, therefore, we can visualize no form of organization so suited to our conditions as the cooperative, because by the abandonment of competition in production and distribution and elimination of middlemen of all kinds, there is every certainty of improving the farmers’ life by producing permanent results.

Now, let us examine as to what extent the present cooperative organization has achieved or can possibly achieve the aforementioned objective of realizing ‘higher and more prosperous standard of life which has been characterized as better business, better farming and better living.’

There are at present 50,000 cooperative societies in Pakistan with a total membership of 3,700,000. Assuming that a family consists of five persons on the average this membership means that only 18,500,000 peoples are benefitting from the cooperative institutions amongst a total agricultural population of more than 55,000,000. The total amount of working capital of such cooperative institution has been estimated at only Rs. 52 crores or Rs. 2.88 per person or Rs. 14/- per member.

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Loans and advances of cooperative bank in Pakistan at the end of 1949 were estimated at Rs. 4.6 crore. If we divide this amount by the proportion of population benefitting from; the cooperative institutions, the result would be anything but encouraging. The latest figures regarding the total amount of advances are not available. However, even if we assume the figures to have doubled in 1955, the advance per head of the people benefitting from the cooperative institutions would hardly exceed annas eight. It is no wonder that the Pathan money-lender and his like thrive in this country. Under the circumstances it does not require a knowledge of advanced mathematics to arrive at the conclusion that the present cooperative finance is far from adequate to meet the agricultural credit needs of Pakistan.

A mere faith in the potentialities of cooperation is not of any help in ensuring progress. The mere fact that cooperation is desirable does not warrant the creation of an efficient cooperative organization.

On recommendation from a friend and on being dubbed as an armchair economist I went to a representative village and saw the working of a cooperative society for myself. On being assured that I was not a government official nor connected with cooperatives, the village cooperators felt relieved and relaxed and very soon became cordial. This change of attitude towards me on my being discovered as merely an inquisitive citizen, amply showed the degree of warmth these people must be having for the government officials especially the ones belonging to the Cooperative Department. The village cooperators considered the cooperative officials as outsiders, and a much too frequent charge on their hospitality. I was told this by an amiable youngman who had the distinction of being a matriculate in that village. He was very helpful in explaining to me the amount of book keeping, noting, checking inspection, etc., that was carried out in connection with their cooperative society. The whole affair looked so complicated that I questioned some other cooperators also as to whether they knew how the cooperative society worked. To my disappointment they shook their heads and smiled to supplement their ignorance. How could people who cannot count beyond twenty and often express the price of a thing as 'so many twenties' be expected to understand the principles of liability and book keeping etc.? Moreover, I was also told by some of the cooperators that loans weren't always available however genuine the need, and under such circumstances in spite of their being members of the cooperative society, they were constrained to look to other sources for credit. They also complained of discrimination in the matter of loans. Obviously the villagers did not consider the cooperative society as something their own, and as such the cooperation did not come from within the people; it was therein the name but not in spirit. Unfortunately the government agencies have not been able to win the confidence of the people. On the contrary, serious lapses of sincerity in practice

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are not very uncommon and this in turn, not only sets a bad example but also shakes the confidence of the public. To quote one instance, in regard to the government loans to the needy cultivators, the public received a rude shock when recently in reply to a question from one of the members in the Punjab Assembly, it came to light that considerable sums of money had been lent by the Government to well-to-do and influential Zamindars rather than the poor cultivators!

May it be said that the cooperative spirit is not sufficiently intense among us? In my opinion it would not be correct to say so. A very interesting manifestation of the cooperative spirit and attitude is to be seen in the popularization of credit pools called '*kameti*' among urban as well as rural groups. These are both large and small and the daily, weekly or monthly individual contributions vary from four annas or even less to sizable small sums. In the middle class and poor quarters of Lahore and other Punjab towns there is perhaps hardly a care-worn housewife who is not a member of any of these '*kametis*'. These pools have increased very considerably after the exodus of the *bania* from our society and have in a large measure served the function of accumulation of petty capital which was previously served by the *bania* money-lender on terms very unfavourable to the community. (It may be mentioned in the passing that the Pathan money-lender is a poor substitute for the *bania* even though more than his equal in nuisance value). Tens of thousands of these pools must be in existence today and a statistical census of these would reveal the extent to which the spirit of mutual help and organization exists among our people.

So the attitude and spirit needed for cooperation is present in a high measure among people most likely to benefit from cooperation.

Cooperation in Pakistan should, in the first place, be guided by the watch words 'Face to the Village' since more than ninety per cent of our population lives in the villages and it is in the villages where the primary role of cooperation lies. The diversion of attention from the sphere of rural life to big business and commercial undertakings is not only undesirable but definitely harmful to the cause of cooperation.

Secondly, to begin with cooperation in its simpler forms should be taken up where the bulk of the credit transactions may be in kind. Cooperative societies accepting deposits in the shape of grain annually at harvest time and granting petty advances when necessary. These advances may be in the form of seed, grain for consumption or even clothing.

Thirdly, the procedure of book keeping, chocking, inspection, etc., that are usual features of our existing system must be reduced to a minimum. In the

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'*kameti*' referred to elsewhere in this paper, book keeping of any complicated type does not exist and yet there is hardly ever a case of any money being lost. Incidentally, the '*kameti*' itself is a simpler form of cooperation which merits "serious consideration in as much as it already exists in most of towns and villages and can easily form the nucleus of cooperative activity.

Fourthly, training and education should be considered an integral part of co-operation. The bulk of rural population in Pakistan is illiterate and as such can exercise practically no control over the doings of their office bearers or their paid employees.

Fifthly, 'the influential section of the community' must be looked upon as a danger to the, institution of cooperation. Our men of influence and position are used to privileges of all sorts, and they tend to think that they can elbow out the poorer individuals as a matter of right. The moment this happens the spirit of cooperation is destroyed. Cooperatives must, therefore, be made of people of a uniform level of social standing and political influence.

The cooperative societies thus evolved would render far more genuine service in organizing the social and economic life of the bulk of our population. In fact this simplified cooperation would form the nucleus of all solid economic reforms so desirable, yet so evasive, for want of a simple and efficient basic organization.

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