

# UMBRELLA AGENCIES IN TRIBAL DEVELOPMENT: ARE COOPERATIVE TRIBAL CORPORATIONS THE SOLUTION?\*

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## SUMMARY

A systems view of the development of economically backward regions suggests that **improving the asset base** of the local people is an essential step. Those latent assets such as forest productivity or water and mineral resources, however, often require large scale development efforts. This need sometimes results in non-tribals from outside seizing all the benefits. What we are looking for are institutional carriers for economic development which will remain under the control of the tribals. An effective means of adding to the asset base of the tribals while ensuring full development and exploitation of these resources in the national interest is to give them an ownership stake in a 'holding company' to which all the resources of that region are deemed to belong.

Although the operational management of this 'holding company' - and therefore control of the natural resources - may have to be in the hands of government officers or other outsiders for the foreseeable future, its owners will be the tribal - traditional residents of that region or locality.

The holding company will achieve two main purposes:

- (1) It provides a means by which the tribals collectively can have more power to control events than they have today as a collection of individuals.
- (2) It makes feasible the introduction of new wealth-producing technologies in a way which is less likely to be resisted by the tribals.

The actual institutional form used will probably be a Cooperative Development Corporation, a membership body to which every local tribal *individual* automatically belongs by right of birth. **Precedents and parallels** to this which we can cite include the **village 'communes' of Yugoslavia** which have been very effective as a means of giving local people a shareholding, and therefore a positive interest, in new enterprises coming up in their area (this has been especially true of the Tourist Resorts which have come up on the Adriatic coast). In another parallel, the U.S. government has formed several beneficiary trusts for American Indian tribes whose lands were found to contain oil or minerals.

Existing institutions such as Maharashtra's Coop. Tribal Development Corporation (Mahamandal) have shown how much can be done in as short a time as two years; they can be extended in scope to cover the functions envisaged for the holding company described in this paper.

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## 1. The Situation

It is generally accepted that previous efforts at development in tribal areas have led to Area development through improvements in roads and agriculture or industry, but not necessarily to the participation of the tribals in the added wealth<sup>1</sup>. Indeed, the increased attractiveness of the area naturally intensifies the desire of non-tribals and outsiders to take advantage of it, and public investments in infrastructure like roads, police posts, post offices, electricity, schools and clinics, make it easier for outsiders to penetrate what were formerly tribal preserves.

We have had **the peculiar result, therefore, that tribals remain unexploited only to the extent they cannot be contacted or have nothing of value:** Any step towards making their forests more productive or towards processing some local natural resource, results in their sliding back, not forward! There is enough evidence available to show that the siting of new projects in tribal areas does little to fulfill the constitutional rights of the tribal people. Instead it leads to their debasement and enslavement. Bhilai, Bokaro, and Bailadilla have been referred to in this connection.

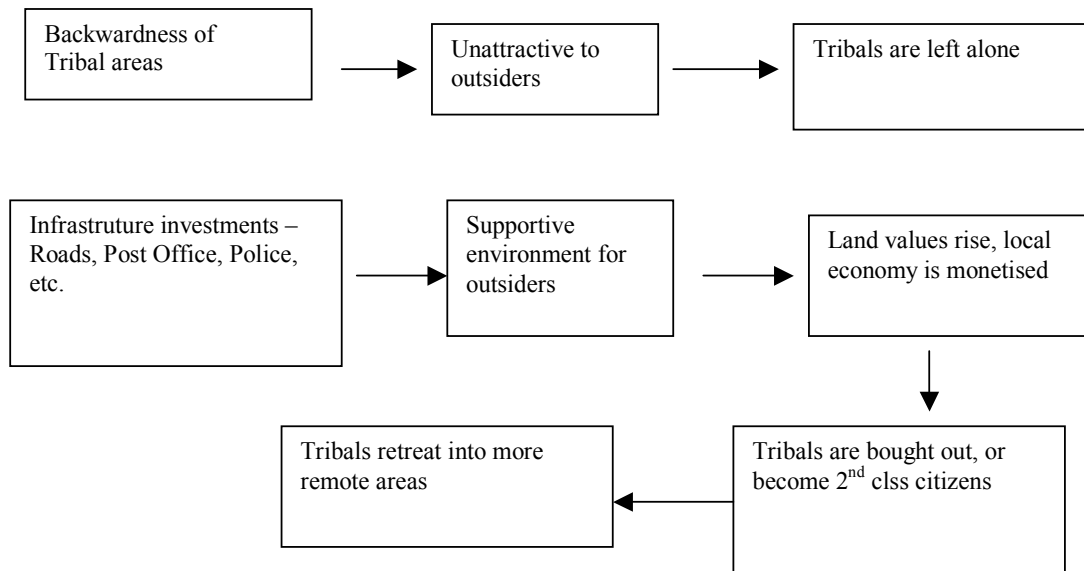


Fig. 1: The “Catch-22” Logic of Tribal Area Development

### **Some of the factors leading to this tragic situation are:**

1. Individual tribals cannot ‘cope’ with the complexity of outsiders’ ways of looking at the world (and vice versa too. But unfortunately, it is the outsiders’ approach which prevails).
2. Traditional patterns of (collective, familial, clan) ownership, mutual obligations, and enjoyment of natural resources do not fit into the legal framework we plainmen have built, and which the law and order machinery of government enforces.
3. Even ‘well-to-do’ tribals - potential leaders - simply do not have access to the sources of information which we take for granted and which would enable them to take advantage of, perhaps even to control, the forces which come into play during economic development. As a result, step by step development processes, which are in phase with local needs and capabilities, do not occur.

4. Economic development programs based upon anything more than the simplest technologies immediately have implications - in terms of skills for maintenance, spare parts, energy, supplies, etc. - which go far beyond the tribal system's capabilities, and therefore out of their control.
5. Even well-intentioned projects are destructive of the tribal's way of life and dignity, and to the rhythm of his social world. Resettlement colonies, for instance, where a pucca 2-room 'house' is provided, require adherence to umpteen rules as well as total subordination to the project staff ... on pain of expulsion.
6. Tribals naturally and inevitably see outsider-initiated change as harmful, and resist the introduction into their area of any new people or ideas. They are well aware that they will, as a result, eventually lose what they presently have and gain little that they value.

## 2. The Need

It is no longer possible for tribals to shelter behind their inaccessibility. The demand for full use of natural resources and the availability of remote sensing technology means that an area can be identified for mineral exploitation from an aeroplane or satellite, without anyone even setting foot there<sup>2</sup>. The remorseless growth of population is pushing plains people into every corner of the land. Increased migration of livestock herds into tribal areas is destroying their forest ecosystem. River valley schemes, as on the Narmada, will change the ecosystem of lakhs of tribals whether they wish it or not.

What is needed is a way of giving the tribal a sense of control over the process of change. In detail, this would mean:

- A feeling in each tribal individual that he is not alone in facing the onslaught of 'civilization', but that his community as a whole is moving at a pace of its own volition.
- The experience of directly benefiting from the introduction of changes in his eco-system.
- The knowledge that his tribal 'rights' of enjoyment (e.g. of the forests and streams) of local produce are guaranteed through an institution he understands.
- The creation of an institution, which on the one hand, deals with the tribal in terms he understands, and which, on the other hand, can effectively deal with the outside world of law, finance, technology, markets, and government procedures.

One of the inflexible laws of cybernetics is the law of "requisite variety"<sup>3</sup>. If some process is to be kept under control and is not to run haywire, then the controller (person or organisation) must have more variety - must be able to generate or think of more alternatives - than the controlled process. This law applies with cruel force to the situation of the tribals. Applying it there certifies that, left alone, they will be obliterated by the complex processes of twentieth century technology, economics and politics. (Only by retreating into ever more remote and inhospitable corners can they succeed in keeping down the 'variety' around them to a controllable level.

If the tribals are to be helped to help themselves, then we must enable them to increase their own variety. This can be achieved by giving them institutions which are tools in their hand to control the rate of change, instruments which have, therefore, at least as much 'variety' as the impinging forces. (These instruments should have built into them sufficient human resource development features, so that the instrument itself remains under tribal control in the long run, and does not necessarily lead to a Faustian tragedy.).

### 3. The Solution

The tribal is used to a certain way of thinking and. of reacting to the events in his environment. A sympathetic developmental effort would ensure that he is confronted stage by stage only with situations requiring adaptive behaviour or conceptual categories which he already has. Such assurances simply cannot be given when changes are being made in the tribal eco-system by a variety of agencies operating under control of different departments of government or private interests. "Coordination" of these interventions by the instrument of the Block Development Officer, or at district level by the Zilla Panchayat or Collector, is also inadequate, since neither the BDO, nor the Collector, is in any way answerable to the Tribals<sup>5</sup>.

This leads us to the creation of some form of corporate structure which the tribals "own" - and visibly feel and. see that they own — even though it may be managed by civil servants or other specialists. This umbrella enterprise becomes their tool to deal with the jungle of administrative laws and regulations created by the outside world. They vest in it ownership of their share of the productive assets and natural wealth of their area - productive assets such as forests, water courses, minerals, land, etc. (For the crucial importance of improving the 'asset base' of tribals to reduce inequalities, see Ref.6.)

Table 1

#### How the Umbrella Corporation appears

| To the Tribal  | To the Outside World   |
|--|--|
| Uses Tribal terms  | Uses Commercial, legal, government jargon  |
| Uses Tribal Calendar   | Observes Business/Government deadlines, schedules  |
| <u>Buys &amp; Sells Tribal commodities</u><br>Stocks daily necessities in mainly small shops | Commissions market research to determine optimal processing of tribal/forest produce                               |
| Organises Vocational Education   | Makes bulk rate contracts for foodgrains, cloth, etc.  |
| Provides graded sequence of employment   | Has Lobbying representative at State capital<br>Negotiates contracts with proposed new enterprises in tribal area. |

Facing outward, this Corporation has the expertise, or can buy expertise, to deal with

the “variety” of the outside world (marketing systems for forest produce, purchasing systems for grains, oil and daily necessities, how to get permits and licenses and loans).

Facing inward, the Corporation meets the tribal just as he actually is today - neither ahead of nor behind his cognitive skills - and deals with his felt needs<sup>7</sup>. Some may need no more than daily requirements of food, *bidis*, and cloth, and minor credit facilities to even out their annual earning cycles from sale of minor Forest Produce. Fairer marketing could help too. Others may have land they want to improve with pumps or fertilizer or new seed. Others may want to develop a pasture-land - animal husbandry economy on their poor soil. Still others may have traditional skills in handicrafts which need better market information. Most important, the Corporation can contribute ad hoc organisational skills, e.g. to put together a bee-keeping and honey operation in place X or train brick makers and supervise a simple godown building in place Y.

By providing a variety of services under one roof (Umbrella?), the Corporation has a graduated series of jobs in which tribals themselves can be given experience and training in taking responsibility. It can operate Community-related arid vocationally-relevant schools because its overall focus is the tribal community and because it is itself conducting, or is a partner in, productive enterprises where semi-skilled and skilled persons are needed. Again, marketing of earn-while-you-learn school projects such as piggeries is normally difficult for individual tribals, but need not be so for the corporation.

Every tribal in the area of its working would be a member/owner of the Corporation, so that he can feel involved as something more than unskilled ‘daily wages’ when a new project comes up there.

As part owner through the Corporation’s equity share in the new enterprise, he is entitled to regard it as his own. If the new venture are well chosen, it is likely that the Corporation would be able to finance its own development after the first seven to ten years during which subsidies might be required to pay for its managerial and administrative: infrastructure.

Table 2  
Power relations in the Umbrella Corporation

|                               |  |   |
|-------------------------------|--|---|
| Tribal                        | 1. The individual Tribal as <u>share-holder</u><br><i>selects</i><br>2. The Board of Directors*, which<br><i>appoints</i>  | *(representing the Tribal(s), the government, MLAs, etc.) |
| On deputation from government | 3. The Executive Board, <i>who control</i><br>4. The Managing Director, <i>who appoints</i><br>5. The Divisional Managers, <i>who evaluate</i>                               |   |
| Tribal                        | 6. Unit Managers, <i>who supervise</i><br>7. Area and Unit Staff, <i>who control / serve</i><br>8. The individual tribal <u>as employee/customer</u> of the individual units |   |

#### 4. Precedents

The experience of some other countries which have faced the problem of safeguarding the interests of 'locals' during the techno-economic development process is relevant here. In **Yugoslavia**, for instance, the institution of the **Commune** serves this purpose, as for example in the poor fishing villages all along the Adriatic coast where tourist resorts and hotels have sprung up. These new enterprises were promoted in most cases by other existing companies from outside the coastal zone, out of their own profits and with bank finance. However, the village 'commune' automatically became a part owner of the new enterprise, thus guaranteeing that the village would not only benefit substantially from its profits, but also be in a position to control the way it developed. The Yugoslav 'commune' incorporates small communities, but in the Indian context we have to think of larger geographical units such as entire tribes or even many tribes occupying a single ecological region. In either case this 'holding company' achieves two purposes:

1. It provides a means by which the tribals collectively can have more power to control events than they have today as a collection of individuals.
2. It makes feasible the introduction of new wealth-producing technologies in a way which is less likely to be resisted by the tribals.

The other example we can cite is in the **United States** where, after two hundred years of despoilation, some Amerindian tribes are finally receiving their due as the original inhabitants. In tribal reservations where mineral wealth has been discovered, tribal 'corporations' have been formed to safeguard their royalties and interests when these resources are exploited. These are manned by professional managers who negotiate with the outside world on behalf of the tribe. Sometimes a second beneficiary trust is created to administer the income generated, e.g. from metallic ores, oil or gas found in tribal lands, to which they are entitled as the basic owners. One happy result of this is that the tribe ceases being a charge on society and with its new income can buy the same quality education or other goods as anybody else.

#### 5. How to do it in India

Under the Indian Constitution it is quite feasible for the natural and mineral wealth located in scheduled tribal areas to be reserved exclusively for their own benefit<sup>8</sup>. This can be achieved simply enough by setting up the 'holding company' or Corporation which has all the other properties described above.

In **India**, initially it seems wise to have a single all purpose (cooperative) Tribal Development Corporation for the whole state, and then as the human resources are built up and the people participate and respond, to break it up into smaller units covering, e.g., a hilly eco-region, a district or a taluk. The pattern of "primary" or village cooperative credit societies, as promoted for agricultural development in India seems unsuited to the tribal regions where the resource base in a village is so sparse and where the ***strength that comes from a larger, professionally managed corporation is so essential.***

Summarising, we can describe the 'umbrella agency' idea as including the following purposes and principles:

- Providing 'synergy' - whereby the tribals acting collectively are stronger than as a lot of separate individuals, hamlets or clans.
- Presenting a 'face' to the tribal which he can understand, and which understands in turn his immediate and next need
- Interpreting the outside world of technology, economics and government rules and red tape to the tribals and representing effectively their interests in the outside world.
- Acting as trustee for tribal ownership of the natural wealth, especially mineral and forest products, in his areas.
- Acting as trustee for tribal interests in any new enterprise in tribal areas by having an automatic equity interest in it. A 50% share seems reasonable since the tribal's ecosystem and socio- technical world is irrevocably and radically changed with every such project. It is not merely a question of 'compensation' for the hectares of land taken. The 'joint-sector' idea seems ready-made for application here.
- Having a network of basic facilities down to hamlet level to buy and sell appropriate commodities on cash or credit. (These are essential to develop trust and understanding, quite apart from the welfare implications of increasing living standards sometimes 100-200% by reducing the effective prices paid. for essential goods.)
- Having a manpower development programme related (a) to the need for managing the Corporation itself, (b) to the needs of potential Corporation-owned enterprises, (c) to the needs for individual entrepreneurship, (d) to the needs for leadership, (e) to the need for more teachers for the manpower programme. We deliberately used the word "manpower development" rather than "education" because the purpose of the activity should remain in the forefront? 'Education' has done little hitherto for rural India.
- Balancing the timing of development and productive activities and investments and their geographical location, so as to be as far as possible self-sufficient except for administrative costs.

Note: This is not as far-fetched as it sounds: If one takes the **balance of trade** between tribal and non-tribal parts of India, the tribal areas have been continuous net exporters of wealth to the rest of the country. It is their inability to control the market prices -- the 'variety' in their environment -- which has resulted in the adverse terms of trade that brings this about<sup>5</sup>

Table 5

Before and After the Umbrella Corporation

| Before  | After  |
|---|--|
| Tribal has to individually find his own way out                                   | Tribal resources are synergistically harnessed   |
| Tribal is at mercy of money-lenders, Kirana traders, middlemen, dalals, landlords | Corporation sells necessities through the chain of shops at cost price, buys tribal produce there at urban market price, provides consumption credit |

|   |  |
|---|--|
|   | at 12%. (Thereby giving a 500-400% improvement in standard of livings)   |
| Tribal cannot prioritise his effort, nor choose education, vocation, etc. for lack of perspective   | Corporation's activities provide a hierarchy of jobs, and its schools provide vocational training oriented to local productive employment  |
| New enterprises exploit tribal resources, land, labour, and pay a pittance  | Corporation gets 50% equity share in each new enterprise in the area. Can influence their sequencing, growth, wage policy, etc.  |
| Tribal can look forward at best, to benign neglect and more of the same; at worse to bondage, perpetual debt, and third class status in his own homeland. | Tribal can expect human development within Corporation and economic development through Corporation joint ventures from which he benefits as employee and. shareholder. He can influence Corporation policy through tribal elders and/or MLAs. |

## 6. An Example

The Maharashtra State Cooperative Tribal Corporation (Mahamandal) has some of the characteristics we are seeking in the "holding company", although it was not set up for that purpose. However, in just two years, it achieved the trust of the tribals who buy and sell in its stores. It has a very low bad-debt percentage (partly because it accepts payment at its small shops whenever and in whatever form and partial amount offered) and it is steadily entering more and more profitable trading (grass and. hay) and processing (honey, gum) operations on behalf of its 'members'. It is manned at higher levels by committed civil servants and at most operational levels by tribals. It operates schools which are visibly and evidently far livelier than the other village schools because they come naturally under continuous monitoring of the local and visiting Mahamandal staff. Vocational or earn-while-you-learn projects in the schools find a ready market because of the Mahamandal's contacts. In short, it is synergistic to a remarkable degree, serving as a communications and commercial link to hamlets in many corners and getting them better prices and new ideas. Thus it has a sound base for expansion.

We feel that the achievements already evidenced by the Mahamandal should be taken further by conceptualising it as a holding company - **a trustee for the tribals** - and giving it the responsibility for raising the economic status of the regions in which it operates while remaining fully 'open' to the tribals and their ideas for their future.

In other states also it would be necessary to go through the steps of having service-oriented and welfare-oriented cooperative corporations at first to gain the trust of the tribals and to build up a cadre of tribal managers on which base it can then grow into the full functions of the holding company as described in this paper.

## NOTES

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