

Functional Barriers to Workers' Co-operatives in Getting Off the Ground: Synthesis of a Failed Case in India

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ABSTRACT

In this paper the authors examine the deficiencies, challenges, and eventual failure of an attempt by a group of separated miners¹, in response to the company's decision to shut down the quarry, to reopen a closed mine by establishing a co-operative. The study, carried out in eastern India during 2009-10 assesses the functional barriers to establishing the workers' co-operative. Evaluation of the case reveals several deficiencies in its plan the major ones being: the relationship of co-operative's members with the means of production and allocative efficiency, failure to generate interests among separated executives towards working for the interest of the co-operative, failure to manage distribution relations, and finally the members' poor grasp of financial feasibility and fiscal compatibility of the overall operations. The company being a large central public sector establishment over protected by the government's policies was also incapable of leveraging the opportunities created. All these factors led to some adverse implications insofar as the functioning of the co-operative is concerned. The authors allude to the tensions in such situations between the craving and imaginings of workers for something better and more humane than capitalism can provide in terms of management, employment conditions, and work organisation, and between their pragmatic concerns to provide continuing employment when faced with closure. A focus on the issues of potential obstacles for members of co-operatives is of interest both in the contexts of India and other developing economies, as well as in rather different contexts of developed economies.

Key words: Workers' co-operative, closure, mine, separated workers.

¹ A "separated worker" means a worker who was terminated by the company on account of the closure of its operation (in mine and concentrator plants) and was paid compensation as per the law for the same. Case study names are pseudonyms and characters, dates and figures in the paper are indicative but not actual for confidentiality reasons.