



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

Papers downloaded from AgEcon Search may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

Vol XVII
No. 2

APRIL-
JUNE
1962

ISSN 0019-5014

INDIAN JOURNAL OF AGRICULTURAL ECONOMICS



INDIAN SOCIETY OF
AGRICULTURAL ECONOMICS,
BOMBAY

TWO WAYS OF CO-OPERATIVE FARMING

Otto Schiller

NEW PROGRAMME OF CO-OPERATIVE FARMING

It may be observed that there is no country where in the last few years the question of co-operative farming in the scientific literature has been discussed so systematically and thoroughly from controversial standpoints than in India. Since this question is getting more importance also in other countries the Indian experience and its analysis in the Indian literature is of great value outside the country as well. It has been outlined by some Indian authors that the practical experiences made in India so far are not very encouraging. It must be admitted, however, that until now most of the existing co-operative farming societies were special cases, or fictitious or misnamed institutions. The work in the co-operative farming field had to be started without practical experience and without an elaborate conception. It is not astonishing, therefore, that so many complete failures have been reported.

This situation may improve with the new and systematic approach made under the programme of the Third Five-Year Plan. According to this programme in 320 pilot areas, co-operative farming societies should be established in the five-year period ending 1966—10 societies in each area or development block consisting on an average of 100—150 villages. Furthermore, it is expected that in addition outside the pilot areas some 4,000 co-operative farming societies spontaneously will come into existence.

DIFFICULTIES OF IMPLEMENTATION¹

According to observations made by the author in some pilot areas in the beginning of this year the main difficulty in carrying out the programme seems to be of a psychological nature. It is not easy to persuade small landowners to pool their land for joint cultivation. It is a mistake to believe that co-operative farming is just one of the different categories of co-operative activities and that its introduction should not encounter more difficulties than the introduction of any other co-operative activity. The traditional co-operative activities in credit, in marketing and supply and in processing of agricultural products are determined to assist and foster the economy of member-enterprises. In case of co-operative farming with pooling of land the member-enterprises are being amalgamated together and this way are ceasing to exist. Not the member-enterprises are to be assisted by co-operative activities but the co-operative enterprise itself which is operated by using the labour force of its members.

These are two quite different types of co-operation. It cannot be expected that agricultural co-operation by its gradual extension to new activities—starting with credit, turning then to marketing, supply, processing, etc.—automatically at the end will come to co-operative farming. At least this did not happen until now in those European countries as Denmark, Holland and West Germany which

1. Refer to the author's article: "Possibilities and Limitations of Co-operative Farming in India," *The Indian Journal of Agricultural Economics*, Vol. XI, No. 4, October-December, 1956.

are known as the countries with the most advanced co-operative movement. Co-operative farming with pooling of land will not come automatically. Special efforts are needed to introduce it, more efforts than for the introduction of other co-operative activities.

It seems to be doubtful whether it is justified to believe that the pooling of land should not be a very difficult decision for the small landowner as long as his title of ownership is preserved. Certainly, it means that in the case of failure he can get his land back for individual use. But in case of success in the course of time the title of ownership will not be more than a title to a share in a common enterprise so that the psychological and sociological impact of landownership will gradually disappear. Furthermore, it is a natural consequence that in distributing the profits of a co-operative farm the dividend (for the land pooled years ago) in the course of time is losing its importance and contributed labour and the new values created by common work are then the determining factors.

The preservation of ownership rights does not alter the fact that with the pooling of land and other capital the member-enterprises do not exist any more and for the members of the co-operative farm an entirely new way of work and also a new way of life is taking place. This statement is not meant as an argument against co-operative farming but shall only explain the fact that the pooling of land is not an easy decision for the small landowner. Actually it has far-reaching psychological and sociological consequences. It is a matter of philosophy whether these consequences are liked or not. In any case it seems to be advisable to make use also of the other type of co-operative farming, namely a type which does not require the pooling of land and offers the possibility to avoid many of the psychological difficulties involved.

SIZE OF CO-OPERATIVE FARMS

It has been pointed out that co-operation in farming operations is not at all a new venture since the joint family system is an old tradition in India and still plays a great role in the present agro-economic situation of the country. This argument shows that for the right conception of co-operative farming it should be clarified what size of a co-operative farm is to be anticipated. The original conception as formulated by the Planning Commission in the outlines of the First and Second Five-Year Plans and also laid down in the Nagpur decisions is obviously based on the idea of a "Co-operative Village Community" and a "Village Co-operative Management." According to this conception the ideal case would be that in the pilot villages as far as possible the whole of the village area should be brought under co-operative farming, be it in one large-scale co-operative farm or in a small number of 2-4 middle-scale co-operative farms.

A rough estimate shows that with a total number of 5,60,000 villages, 36 crores of acres of cultivated land (including fallow lands) and 5 crores of agricultural families there are on an average about 650 acres and approximately 90 families in an Indian village. This is not too large a scale for a co-operative farm. From the managerial point of view only in villages over the average size the question would arise to establish more than one co-operative farming society. There may be other—psychological and sociological—reasons requiring smaller units

for co-operative farming—especially in cases where the old caste traditions are still alive. It may be assumed that in the initial stage the majority of Indian co-operative farms will not be large-scale but middle-scale enterprises comprising not more than 15 to 40 agricultural families with a cultivated area of 100-400 acres.

It is significant that until now there are only very few, if any, examples to be found in India where in an old traditional village the whole village area has been brought under co-operative farming. As a rule the examples of co-operative farming in old villages are cases where only a part of the village area belonging to a relatively small group of villagers is cultivated in a joint way. Under the conditions of land fragmentation in such cases many of the envisaged advantages of large-scale farming cannot be made use of unless some measures of land consolidation or regrouping of land are carried out. On the other side, the psychological difficulties of co-operative farming are reduced to a large extent in such small groups which actually do not represent much more than an amplified joint family system.

PROBLEM OF UNECONOMIC HOLDINGS

It is true that the problem of uneconomic holdings is closely connected with the question of co-operative farming. Assuming that under Indian conditions a peasant farm should have at least 5 acres of irrigated or 10 acres of unirrigated land to make an economic unit there are, perhaps, about 70 per cent of the holdings under the size required for economic farming. Only by combining a small number of them together farming units of a proper size could be attained.² Such combined farming units of normal size as well as other farms of a sufficient size, however, could make full use of co-operation without pooling of land.

The other way could be not to have a small number of uneconomic holdings, say, 2—5, combined together to a farming unit of an adequate size, but a great number of them to form a large-scale co-operative farm. It may be doubtful, however, whether it is advisable to combine all small holdings under normal size in a certain village to one co-operative farming society while the larger holdings would not be included. Firstly, in most cases some consolidation of land would be necessary to attain proper field units in the new co-operative farm. Furthermore, unless the surplus population is absorbed by other measures the problem of over-population would be more difficult in such a co-operative farm than in the case that all holdings of a certain village including the larger ones are combined together in one or more co-operative farms.

If there would be only one co-operative farm in a village it would also have the important advantage that the evils resulting from land fragmentation would be removed as long as joint cultivation of land continues. With the preservation of ownership rights land consolidation would still be desirable but not so urgently needed in such a village as before.

CO-OPERATIVE FARMING WITHOUT POOLING OF LAND

Considering all these difficulties involved in the joint use of land the question arises whether actually in all cases the pooling of land is a necessary prerequisite

2. The establishment of farming units has been described by the author in Co-operative Farming and Individual Farming on Co-operative Lines, All-India Co-operative Union, New Delhi, 1957, p. 29 ff.

to make use of the advantages of co-operation in farming operations. It is true that according to the Indian official definition co-operative farming necessarily includes joint use of land. The conclusion is that even co-operative activities which have to do with farming operations cannot be called co-operative farming unless the land is pooled. They are defined as co-operative better farming or individual farming assisted by the traditional methods of service co-operatives. The regulations are that co-operative societies without joint cultivation will not be entitled to the special assistance provided for co-operative farming. It is, of course, a matter of terminology how one may define different categories of the same subject and it happens quite often that the terminology used is differing in one point or the other. In the literature concerned one can also find another way of definition for the term "co-operative farming." For instance, in the FAO-study "Co-operatives and Land Use"³ the author, Miss Digby distinguishes between the "divided" and "undivided" co-operative farms or the "individualistic" and the "collectivistic" type of co-operative farming. The same distinction is made by Sir Malcolm Darling in one of his former publications⁴ and in his report to the Indian Government on "Certain aspects of co-operative movement in India."⁵ In a former publication⁶ the author of this article has tried to give a classification of the different types of individual and co-operative farming and has suggested that it may be called co-operative farming, if "most of the farming procedures are carried out co-operatively or at least bound in the way of their execution by co-operative agreements." "Individual farming on co-operative lines," according to this definition, would represent a form of the individualistic type of co-operative farming quite distinct from the usual type of better farming and quite distinct from individual farming assisted by the ordinary methods of service co-operatives.

EXPERIENCES OF OTHER COUNTRIES

From observations made in the last few years in West Germany and recently in Mexico and Egypt the author came to the conclusion that the individualistic type of co-operative farming is getting an increasing importance in different countries. Using these methods most of the advantages of large-scale farming can be brought to the small cultivator without depriving him of his managerial independence and without lifting up his attachment to the soil. The psychological difficulties in introducing these methods are, therefore, much smaller than in the case of joint use of land and the results may be equivalent. Having this in view, it may be recommended that at least an experiment should be made in India also with the other type of co-operative farming which is called the "individualistic" type. This does not mean recommending the one type instead of the other. Both types should be developed simultaneously. Considering the local conditions and the mentality of the cultivators concerned it should be decided whether preference should be given to the one or the other form.

Based on the practical experience of the countries mentioned above, one could come to the conclusion that co-operative farming does not necessarily include joint use of land. Analysing, for instance, the methods applied by

3. FAO Agricultural Development Paper No. 61, Rome, 1957.
4. Year Book of Agricultural Co-operation, 1953, p. 201 ff.
5. Planning Commission, New Delhi, 1957.
6. *Op. cit.*, p. 4.

German tobacco growers⁷ one can find that some of their farming operations are performed jointly and others individually. But also in their individual farming operations they are bound by co-operative agreements in so far as they have a common crop rotation and are planting their tobacco at the same time, with the same varieties and in a uniform way. If in nearly all farming operations farmers are co-operating with each other, it should be justified to call it co-operative farming even if everybody continues to work on his own field.

The same is true for the so-called semi-collective method used in Mexico. Furthermore, this method gives a good example for a reasonable combination of tractor power with animal draught power. The fields of the semi-collective co-operative societies are ploughed with the tractor as one big unit. After the ploughing is done, the boundaries between the individual plots of land are re-established and every member is working on his own plot of land in the framework of a common crop rotation although some operations, as, for instance, some plant protection measures, are carried out jointly. It is an essential point, however, that the fields are harvested individually so that everybody is reaping the fruits of his personal efforts.

In Egypt similar methods as mentioned above under the term "Individual farming on co-operative lines" are adopted in the last few years on a relatively large scale. The basic idea of it is a certain uniformity in the cropping pattern attained by a common crop rotation. On newly reclaimed land the Egyptians have introduced this method on the basis of a 3-field-system functioning in the same way as described by the author in his "Report on problems of co-operative farming in India".⁸ There again the combination of tractor and bullock power is adopted by ploughing the fields jointly with the tractor, then re-establishing the individual plots and executing other farming operations individually.

But also in the old villages where they have to do with fragmented fields, the Egyptians have found a way to combine co-operative farming operations with the individual use of land. On larger blocks of say, 20—50 acres a common crop rotation is introduced by persuading the great number of landowners, who are represented with their individual plots of land on such a block, to join the scheme. The block is ploughed as one unit by the tractor but afterwards everybody is working again on his own land. Since the time, for instance, of planting the cotton, the variety to be grown and other things have to be agreed upon it is really a co-operative way of farming. Using this method the Egyptians have achieved in the respective villages a great economy of water and a substantial increase of yields. They started with one village in 1956, and have now, according to official informations already several hundreds of villages under the scheme.

One of the strongest arguments for joint cultivation is the economy in animal draught power normally resulting from it. The Egyptian experience has shown that in case of co-operative farming without pooling of land a similar economy is possible although requiring some organizational efforts.

7. Described by the author in the Year Book of Agricultural Co-operation, 1959, Horace Plunkett Foundation, London, p. 63 ff.

8. Report of the German Delegation to India, Ministry of Food and Agriculture, Government of India, April, 1960, p. 41 ff.

Another argument used for co-operative farming is the economy in man-power. By pooling of land resources disguised unemployment or underemployment would be brought into the open and this way an impetus would be given to utilize surplus man-power if not outside the rural areas then for useful work in the villages (digging of wells, etc.). It is believed that without this impetus, without lifting up the attachment of the small cultivator to his tiny plot of land additional work in the villages (intensified farming, cottage industries, communal works, etc.) would hardly be performed. It seems to be doubtful, however, whether this assumption is justified since former experience with a number of successful community projects has shown that with the right guidance the performance of useful work in the villages can also be achieved without joint use of land. Of course, by pooling of land an additional impetus in this direction could be given but to a certain degree this could also be achieved by the other way of co-operative farming, namely, without pooling of land.

POSSIBLE ADOPTION OF SIMILAR METHODS IN INDIA

If it should be decided to have alongside with the 320 pilot areas of the one type of co-operative farming also one pilot area with the other type, perhaps, the following procedure could be applied for experimental purposes:

In a village, where the cultivators have agreed to introduce a common crop rotation, in accordance with the irrigation system the village area should be subdivided into segments to be cultivated in a uniform way. The cultivators—be it owners or tenants—represented in one segment with their individual plots should agree to cultivate their land in the order of the crop rotation accepted by a vote of the co-operative society. If the society is owning a tractor it should be used for ploughing the land in the same way as in the case of the Egyptian societies and to have then the individual plots re-established again for individual use of land.

Difficulties may arise in cases where a cultivator has all his land only in one of the segments and has to grow only one crop in the season. In Egypt they have tried to overcome these difficulties by an exchange of produce. It is also understood that under the conditions of excessive fragmentation the common crop rotation is only a temporary solution. It must be followed by measures of land consolidation including the establishment of farming units as described by the author in a former publication.⁹

The Egyptian expérience has also shown that the introduction of a common crop rotation makes sense only if it is combined with other progressive methods. For this purpose the same scheme could be adopted as described by the author under the term "Individual farming on co-operative lines."¹⁰ This would mean to start with a Village Agricultural Development Plan indicating all progressive measures which have to be applied simultaneously to secure an adequate increase of yields. Calculations have to be made for the necessary investments and for the additional production which can be expected from them. If such calculations

9. *Op. cit.*, p. 29 ff.

10. *Op. cit.*

show that the money invested can be paid back in reasonable instalments the necessary credit funds should be made available on easy terms. The possible procedure for the establishment of such funds, the conditions for the credits and the necessity to have them linked with co-operative marketing have been described by the author in a former publication.¹¹

In cases where the introduction of co-operative farming combined with joint use of land cannot be achieved for the time being for psychological or other reasons, the other way of co-operative farming would offer a possible solution. This would mean to circumvent the main psychological obstacles and still to have most of the advantages expected from co-operative farming secured and thus to open an additional way for the promotion of agricultural progress.

11. *Op. cit.*, p. 21 ff.