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NOTES ON CO-OPERATIVE FARMING

by

SIR MANILAL B. NANAVATI

Co-operative farming holds out a great promise, particularly for the overpopulated agricultural regions, as a means to minimising farm-costs and maximising agricultural production. But, in practice, the application of the principles of co-operation to farming is a tough task which calls for not only tact and administrative skill but also for a clear understanding of the various issues involved in organising a co-operative farming society. It is also necessary for the organisers to know about the various factors which aid its progress and others which hinder its development.

The two notes given below have been prepared for the benefit of those who are interested in co-operative enterprise for joint cultivation. *Note I* is based on two recent publications viz., 1. "Exploring Tomorrow's Agriculture" by Joseph W. Eaton, and 2. "Co-operative Communities At Work" by Henrik F. Infield. It gives the types of such societies and the conditions under which they succeed or fail. *Note No. II* which is based partly on the experiments narrated in the above mentioned publications and partly on our own experiences of the Co-operative Movement, shows the conditions under which co-operative farming can succeed in India and the steps to be taken therefor. On a careful study of the existing conditions in India, it will be realised that instead of making a few experiments on a comprehensive basis or along with them, we have to re-orientate the co-operative movement as a whole so as to create ultimately conditions for a wide-spread adoption of the system of co-operative farming. It is hoped that these two notes would help to make a realistic approach to this important problem which is engaging the attention of the country.

I

PLANNING FOR THE CO-OPERATIVE FARM

1. Land

These are the sources from which the land may be secured for the Society: (i) Government, (ii) Landlords and (iii) Members. Where the land belongs to the Government, it may be leased either to the members individually or to the Society collectively. Lands from the landlords should be leased by the Society on a fairly long term. Where members have their own lands, some more may be taken on lease if necessary, and all the lands may be jointly cultivated by the Society.

2. Selection of the Area

It is hazardous to launch an experiment on lands which are subject to violent climatic changes like droughts or floods. Where the rainfall is

precarious, the Society must be capable of organising crop insurance. But, it is highly advisable to avoid such areas during experimental periods. In fact, the Society must have lands which are capable of development at reasonable cost and also possess adequate facilities such as roads and means of transport to market its produce.

3. *Membership*

The experiments made so far show that the members either (i) belong to a fraternity as in Hutterites,* or (ii) belong to the same religious order as, for example, the Jews in Palestine, or (iii) are *bona fide* cultivators and/or landless labourers as in the case of the Madras Land Colonisation Societies or (iv) colonists or settlers like war veterans with no previous experience of agriculture. It may be noted that the success of the enterprise depends largely on the selection of members, their ability to go through trying times during periods of formation of the Society, their capacity to work for higher co-operative ideals and better living.

4. *Types of Co-operation*

Co-operation may be either (i) confined to cultivation only—with or without reservation of homesteads or (ii) cover entire agriculture as under collective farming or (iii) may be further extended to purchases and sales and even to social services such as education, hospitalisation etc., along with co-operation in cultivation.

5. *Management*

The internal administration of the co-operative farming may be entrusted either to (a) leaders selected by the members or (b) a specially selected staff for the management and for keeping the accounts and allocating the tasks. The supervising agency, however may be either (i) autonomous from among the members—leaders of the organisation—(ii) promoters of the movement as in the Delta—Providence Societies † or (iii) supplied by the Government sponsoring the movement.

The success of the enterprise will depend upon the ability of leaders to bring about impartial and harmonious working as also upon the tact and qualifications of the supervising agent.

6. *Types of Assistance from Outside*

The members of the society may obtain help in the form of (i) costly implements on hire from tractor farms as in the U.S.S.R.; (ii) equipment, technical advice and assistance as in Farm Society Administration, including housing facilities (iii) loans and grants from (a) banks as in case of Mexico, KVUTZA ‡ (b) from the Government as in the Farm Security Ad-

* *Co-operative Communities at Work* by Henrik F. Infield, pp. 8 to 24.

† *Exploring Tomorrow's Agriculture* pp. 202-204, also, *Co-operative Communities At Work*, Infield p. 174.

‡ *Co-operative Communities at Work*, pp. 51-71 and 117-142.

ministration (c) societies' own funds as in Hutterites, or (d) from the members' own contributions.

7. *Conditions which Lead to Success*

- (i) There must be an assured increase in production and income and, if possible, longest seasonal employment e.g. the Mexican Experiment (KVUTZA) which was successful because most of the members were tenants of landlords and co-operation offered them a distinctly improved income and higher status.
- (ii) To ensure harmonious relations among the members, there must be homogeneity of membership or identity of interests e.g. Hutterites which is a semi-religious body.
- (iii) Much depends upon the leadership and the spirit of co-operation of the members. They must be intelligent and more or less of equal status, as, for instance, the Jews in the land settlements in Palestine.
- (iv) The work as well as the produce must be distributed equitably, as in the Bulgarian Experiment. This experiment which was initiated for the purpose of co-operative distribution of farm labour, has been superseded by co-operative farm proper. The benefits of this transformation are economy of labour as well as of expense to the organisation.
- (v) The members must have the capacity for hard labour and to undergo privations in the early stages.
- (vi) The Society must not ignore the need of maintaining individual interests through homestead land and production.
- (vii) The members must be helped from outside so as to keep them loyal to the Society.
- (viii) Often, the force of circumstances alone suffices to make the members run the Society successfully e.g. the land settlement in Palestine.

8. *Causes of Failure*

(a) The greatest danger to the Society comes from the friction between the members and the management, bureaucratic tendencies in the leaders or supervisors, and bad manners of some of the members. The Llano co-operative colony founded in 1914, failed because of its faulty plan, discrepancy between principles and practice, inability of the members to put up with the difficulties in the initial stages and low admission standards. "Dissatisfaction, splits, loafing by some, overwork by others, farm left to scanty operations" are among the other causes mentioned.*

(b) Some ventures have failed, due to frequent crop failures or fall in prices as, for instance, the Sunrise Community.†

* Co-operative Communities at Work pp. 25-40:

† *Ibid.*

(c) The Farm Security Administrations Experiment in the U.S.A. failed because the costs were disproportionately high as compared to the results.

(d) Many Societies come to grief due to friction among the members caused by (i) partiality (ii) incongruity of interests as for instance, where big landlords as well as small ones or landless people are members of the same Society (iii) Unequal social status of the members (iv) differences among women folk and (v) religious or caste differences.

(e) A Society's progress is sometimes hindered where it tries to adhere to rigid and stereotyped rules and byelaws which ignore local customs and conditions.

9. *Conditions under which Co-operative Farming may succeed in India*

1. New land settlements as in the U.P. under the refugee administration have considerable chances of success, provided the members are *bona fide* agriculturists and are of the same status. Otherwise, they will leave the farm later on when peaceful conditions are established.
2. In special circumstances, co-operative capitalistic farms with membership composed of big landlords may succeed where large funds are required, provided the workers are given a standard wage and share in profits.
3. Where men are of unequal status, men in lower grades may be guaranteed a minimum wage and a minimum income by Government. This special subsidy is necessary to lower grade workers to ensure their enlistment in the membership of the Society.
4. Where the members are of the same status, the successful working of the society will depend upon an assured increase in production and net income. This, therefore, requires a thorough survey of the area and an assessment of the possibilities of increased income before the Society is formed.
5. From the organisation of the Society to the realising of noticeable benefits from co-operative farming is a long way. It is, therefore, necessary for the members to carry the project through with great patience and under strict discipline.
6. The Society should be provided with adequate funds in the form of short term and long term loans and initial grants for housing and other equipment.
7. Servicing should be near at hand and prompt.
8. New lands should be exempted from assessment until they are brought under full cultivation and become a paying proposition.
9. The Society must be given free service of the Co-operative Department by way of audit and supervision.

NOTES ON CO-OPERATIVE FARMING

10. Guidance should be in the hands of specialists trained in accountancy, works management, agricultural engineering, agricultural technology, etc. These experts must be social but also firm and tactful.
11. Other State assistance such as free service from technical departments such as agricultural, veterinary, public health, etc., in planning for the development of the farm. *Red tape* and delays in administration should be avoided. The assistance should be wholehearted and Government must trust the men on the spot.
12. Members must have completely sunk their caste and community differences and be free from village squabbles and local politics.
13. Members must be taught to appreciate the significance and value of the co-operative method. They should be made to realise that co-operative farming does not stand merely for pooling their holdings and giving them wages in proportion to their labour but for certain definite economic and other benefits.
14. The members must have undergone training and discipline in a multipurpose society and have appreciated the benefits arising out of co-operative method.

II

HOW BEGINNINGS MAY BE MADE UNDER INDIAN CONDITIONS

There would be two distinct types of Co-operative Farming Societies: (1) for lands newly acquired or reclaimed and (2) for lands already under cultivation.

Societies under group (1) may be for (a) first class cultivators from congested areas. These may be either co-operative farming or co-operative agricultural societies or both, (b) small holders and landless labourers and tenants, (c) men newly taking to cultivation e.g., retired soldiers belonging to various castes and communities. Societies under group (2) should be for (i) first class cultivators in the village (ii) small holders and tenants pooling their resources together.

Each of the above type would require different treatment and assistance. Societies of landlords and big cultivators, for instance, would need loans for housing. Small holders and tenants would need guidance and help almost at every step until the Society gets into satisfactory working. Non-agriculturists being settled on land are apt to take up the work halfheartedly and provision, therefore, will have to be made to give them adequate training to make them efficient cultivators.

There is no denying that some of the factors hindering the development of co-operative farming (vide 9 above) obtain in India and would present serious obstacles to progress in this direction unless we have a systematic plan for the formation and working of such societies.

Societies under (a) will succeed only under extra-ordinary conditions with a very reliable leadership and with members who have absolute faith in their own ability to develop agriculture as also in the advantages of the co-operative method.

Looking to conditions in India, two distinct methods may be adopted to popularise co-operative farming (a) to form co-operative societies where conditions look favourable and results almost assured and (b) to prepare the ground for Co-operative Farming so that in course of time people themselves come forward to form such societies, having had their apprenticeship in the working of co-operative methods in various directions and appreciated the benefits of joint working.

As for (b), it is highly desirable that attention should be paid to formation of multipurpose societies all over so that the scope of their working can be widened to include farming subsequently when the members have fully realised the benefits of co-operation and would be prepared to stick to the movement under all circumstances. Our approach to co-operative farming, therefore, must be from two sides: where possible, the agriculturists may directly combine and form a co-operative farming society; in other cases, the members may be asked to form co-operative associations with less ambitious aims and objectives and then gradually develop the societies until they are capable of taking up co-operative farming. The various stages in this development may be as follows:

- (1) Co-operation in a business i.e., for purchase of farm requirements; and in agriculture, sale of farm produce and finance and co-operative ownership of costly implements and other farm equipment, and in improvements in the technique of agriculture and provision of some social services.
- (2) Co-operation for consolidation of holdings.
- (3) Joint programme of cultivation—each member cultivating his own farm but according to a plan agreed upon by all members.
- (4) Joint cultivation of all farms. We may call it collective farming.

Each of these stages, would in practice, vary considerably in its details. To help the societies to develop in this order, Government must maintain a specialised staff. If co-operative farming is to spread on any appreciable scale, the whole of the co-operative movement would have to be reorientated with this end in view.

While the shift of emphasis from credit to multipurpose type of societies would create the necessary atmosphere for the formation of co-operative farming societies, further measures would be necessary to help such societies to come into existence and to assure their smooth progress. The most important of these measures are as follows:

1. A special study of the agricultural conditions of the locality and to find out what definite and marked benefit would accrue from the

enterprise. A distinct gain must be established, such as larger and more varied production, saving in expenditure and better realisation of values through collective sales. Otherwise, most of the members would hesitate to pool their resources and consider the venture as a leap in the dark.

2. The law of inheritance would have to be modified to prevent actual sub-division and fragmentation of holdings; otherwise, the co-operative farm would be lacking in stability.
3. To find out men from the village and outside who will be able to keep proper cost accounts and task assignments to members.
4. To collect such implements as would increase production and take them on lease as from a Government Farm.
5. To prepare land surveys for realignments of fields. Before this is done it is advisable to consolidate the holdings and rearrange them. It would be easier to realign consolidated holdings than scattered ones. This will reduce capital investments to the minimum.
6. To obtain government assistance for 2, 3 and 4 and arrange for loan, subsidies and finance, if the society has not got funds of its own or is unable to borrow from its own bank. Government's help and guidance must be prompt, business like and near at hand.
7. Government should appoint superior staff for guidance and advice to ensure that the societies work according to plan and that mistakes are discovered in time. The local staff engaged to work relating to accounts, agricultural technique, farm management, etc., should be well paid as the success of these societies largely depends upon their efficiency and zeal.
8. Arrange for agricultural programme including crop rotation, new crops, manuring and irrigation.
9. Assignment of work among members, selecting leaders or appointing committees for management.
10. Organisation of subsidiary industries to help members of the co-operative farming society to supplement their farm income.
11. Development of social services along with joint cultivation so that the men get the full benefit from co-operative work. Every aspect of social work should be attended to health, sanitation, education and entertainment. Reduce the drudgery of the women in the villages and thus enlist their co-operation. Develop their dairy industry and instruct them in their domestic sciences. If a woman worker could be engaged to help them, it would serve as a stimulus in getting the co-operation of the women folk in the new venture.

12. The most essential factor in co-operative farming is that every step should be taken to ensure a definite increase in production because, otherwise, in the case of a fall in the yield, the members would cease to be loyal to the society. Necessary measures, therefore, should be taken to prevent crop failures. These measures may take the form of irrigation or/and larger areas being made available to the society to provide an insurance fund.
13. The most difficult problem would be to get the co-operation of the landless workers or the small holders. It should be made worth their while to join this society. Landless workers should get their fair wages and a small holder a decent return. Possibly in the initial stages an adequate income should be guaranteed by the government to both these classes. It is they who need the utmost help and they should be induced to join the society.
14. Fall in agricultural prices has been responsible for the winding up of many co-operative farming associations. Experience during the last depression has demonstrated the disastrous consequences of fall in prices on Indian agriculture. Stabilisation of agricultural prices, therefore, is a fundamental requisite to the development of co-operative farming.

The success of any venture depends largely on the human factor—the integrity and ability of the men behind it. This fact cannot be overlooked while forming associations for co-operative farming. Normally, every individual likes to work alone in his own domain and would not like to surrender even a part of his individualism or economic freedom to any association, unless he is assured of a material gain. Hence, the importance of a preliminary survey of the possibilities of increasing the farm income before forming the society. This also brings out the necessity of selecting the members, since those who have no faith in co-operative ideals or who have not been trained to work according to co-operative principles would only shirk their duty and lead the society to disaster. Where the co-operative society has developed stage by stage, the multipurpose co-operative society would have provided the necessary apprenticeship to the members and qualified them for running the co-operative farm. But in other cases, all possible care would have to be taken to ensure that the indifferent, or diffident people are kept out of the society. Co-operative farming would succeed only where each of the members is not only experienced and trained in the co-operative method but also imbued with hope, courage and determination to contribute his maximum to the working of the society.

We are all agreed that co-operative farming is a very complicated undertaking and a costly experiment. It should, therefore, get guidance

and support from a very efficient administrative machinery from the very start. A co-operative farming society will need assistance from at least three departments of Government, Co-operative, Agriculture, and a Department concerned with land consolidations. Therefore, there must be a perfect harmony among these agencies, specially between the first two which will have to work together all along the career of the Society. Usually no two departments of Government co-operate with each other and therefore, most of our efforts fail or do not get the results expected of them. At least that is the experience in the working of the co-operative movement. Therefore, whichever Department is entrusted with the administration of the co-operative farming (though in the natural course the Co-operative Department should have the preference) that Department should have a specially qualified staff to make the preliminary surveys, to prepare schemes for farming and to see that the programme works to the plan. For these purposes it shall not have to depend upon the Department of Agriculture for advice and guidance. If we want to avoid mistakes of the past, this is one of the conditions precedent to the large scale formation of co-operative farming enterprises.

Co-operative Farming is one of the items in the programme of land reforms to be carried out in India. The central idea in the land reform movement is to create economic peasant farms. To that ideal our energies are to be directed. The programme for this can be summarised as under:

1. Declaration of all land as state property; elimination of intermediary interests in land; land to be given to actual cultivators with occupancy rights, with restrictions on their right to transfer and subdivide the holding.
2. Each occupancy holding to be an economic unit and as far as possible, in one consolidated block.
3. Making the farmer live on the farm or as near to it as possible.
4. Prohibiting the use of land as security for non-productive purposes.
5. Cultivation of the land by the man who owns it, or has the occupancy right.
6. Abolition of share cropping and its substitution by low cash rental based on a certain multiple of Government rent and correlating rent with price levels.
7. Assessment on land to be graduated, uneconomic holdings paying less or nothing; agricultural income-tax to tap more revenue from the larger groups.
8. Regulation of land values on the basis of yields, abolition of speculation in land and provision of cheap finance for cultivators who want to own lands and cultivate them.

This programme would require a good deal of legislation and take time to bear fruit. In the meanwhile, co-operative farming may assist in some selected areas to help the cultivators, though it would be very difficult to assist small tenants and uneconomic farmers to improve their lot unless they are bodily removed to some more remunerative employments. Co-operative farming for these classes alone would be almost impossible of achievement as they would be too many for small areas owned or cultivated by them, unless larger areas owned by absentee landlords are leased out to such societies, so that the area of the co-operative farm is sufficiently enlarged.
