



Cooperative farming: a preferred choice of farming

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India's agricultural sector consists of land holdings that are mostly small. About 76.4% of the holdings in India are smaller than two hectares. Out of these two hectares of space, around 28.8% of the area is engaged as marginal and small holdings. For marginal farms, the operational area is only 0.4 hectare, whereas for small farm operations it is 1.4 hectares. In that case, if the farmers come together and pool in their holdings, it will be easier to initiate mechanised farming.

When farmers jointly contribute to large scale farming with resources and inputs from each of them, it is known as cooperative farming. Cooperative farming refers to farming practices where farming operations are conducted cooperatively. Small individual holdings are merged into a bigger unit and the collective farms are managed on a cooperative basis.

Features of Cooperative Farming

There are certain features of cooperative farming that make it a profitable way of farming for farmers having small land holdings and low incomes.

Ownership: The ownership of each of the contributed land remains with the farmers even after cooperative farming starts. Land is a very important for people living in rural areas; it is their one big key to earning money and status as well. So being

able to retain the ownership is an important pre-requisite of cooperative farming.

Contribution and rewards: Rewards are something that make people crave for more. So, farmers are given certain rewards, in terms of money or inputs after their contribution comes into action. This also increases their participation.

Voluntary participation: It is not mandatory for all farmers to participate in the joint farming projects. Farmers who think it is beneficial for them or understand the other aspects related to cooperative farming can form their groups or join a cooperative. Withdrawal from the cooperative is also easy as there is no compulsion for one to continue.

Democracy: The process of selection of the management committee of the cooperative is done in a democratic way, where people can vote for a person of their choice.

Disadvantages of cooperative farming

There are no glaring disadvantages of cooperative farming since it is a matter of choice by different farmers who wish to come together to create a cooperative farm. Although, some of the disadvantages are:

Unemployment: These cooperatives can hire people who are given various jobs involved in different stages of production

process. However, these employees can be discharged very easily by the cooperative committee. There is need to strengthen their rights.

Interference: The farmers build their own society but then if it doesn't function highly; there is always a chance of being pushed downward by higher officials from the state. This way interference can affect the farming procedures and also the income rates.



BE spoke to Kiran Kumar Vissa, Rythu Swaraj Vedika, Farmer's Organisation, Telengana and Andra Pradesh to understand more about cooperative farming.

Q. What is cooperative farming?

A. Cooperative farming is basically a group of farmers coming together and forming a cooperative. It can be either registered as a cooperative or as a farmer-producer company but the idea is to aggregate the produce and then collectively market it. That money in turn goes to the cooperative from where it is distributed amongst the farmers.

Q. How is it beneficial for the farmers?

A. Apart the basics, the farmers find it easier to purchase the heavy agricultural inputs when they pool their resources through cooperative farming. Individual farmers alone cannot set up a processing unit or market their products themselves but in a cooperative they have the chance to do that. They can also use the cooperative for processing apart from marketing and production. If they are producing some particular crop, instead of selling it directly in the market, they can also setup a processing unit and then sell their produce and get a much better price for the processed product. Under a cooperative, the farmers can process it, package it and then further market it which is very beneficial for the farmers in terms of profit making.

Q. What is the government doing for cooperative farming?

A. See, right after Indian Independence, in the 1960s, the government took up an initiative to set up agricultural cooperatives. Many agricultural cooperatives were set up under the Agricultural Cooperative Act of 1964. Many of the large cooperatives which were then formed still exist today.

But then these cooperatives are not performing very well for two reasons. One is because the government is changing its priorities and is reducing its support to these cooperatives. The government also had rules where the cooperative banks had more support and farmers could take loans at lower rates. But

now, the support has reduced and thus the cooperatives which were created earlier aren't performing too well.

Secondly, the cooperatives have become much politicised. This has led to a situation where the cooperatives are no longer functioning for the welfare of the farmer but rather acting as political entities.

In 1995, the government came up with a plan called the Mutually Aided Cooperative Society (MACS), under which these societies were much more independent but they also did not receive much support from the government. This plan could reduce the political interference but could not push up the governmental support for cooperatives.

Later in 2000, they brought out a new Producer Company Act, under which instead of registering as a cooperative one can also register as a producer company whose board member and the share-holders would all be farmers. In both these cases, the interference of government was very minimal but at the same time, the government was not committed to support them in any way as well.

Over the last ten years, the government started taking interest again in these cooperatives since they were not getting enough returns and tried to increase their viability. So, they formed Small Farmers Agribusiness Consortium (SFAC), which helped the Farmers Producer Organisation's (FPO). NABARD also issued guidelines for issuing more loans to the FPOs. This support has enhanced their processing units and go downs.

But the government still has to push in financial support for boosting the FPO's and secondly, NABARD along with SFAC is playing an important role in facilitating the FPOs properly. For the first two to three years, these FPO's are trained to know the market and given training and technical support. .

Q. Are there any demerits of cooperative farming?

A. There are no such demerits of cooperative farming but then the FPOs have to be really careful about certain things. See, if the cooperatives are just formed but aren't given enough inputs or financial aid to process things, they will lose their independence. They will be captured by some big companies which will have the upper hand and the farmers will be deprived.

Q. Input costs of farming are increasing. Can cooperative farming help in this case?

A. As I mentioned earlier, the FPOs can set up a processing and marketing unit and in turn facilitate that their own products go directly into the market. This takes the whole segment input costs into a much lower position because of the division among all the members. In this way, the profit is directly coming to the farmers through the cooperatives. So, when they are setting up their own units, they can purchase in bulk, process the same and then get back the invested money with profit. Cooperatives can help in reducing the pressure of input costs on individual farmers. ■