

## BETTER FARMING, OR, AGRICULTURAL CO-OPERATION.

BY V. MATHRUBUTHAM IYER, B.A.,

*Propaganda Inspector, Madura Co-operative Federation.*

The Indian peasant is proverbially poor, ignorant, illiterate, improvident, depending on the vicissitudes of precarious monsoons and subject to disease and famines. 'Chronic poverty leads to low agricultural production and low agricultural production leads in turn to poverty'. This, in general, is the case of the 73 per cent of the population living in the 700,000 villages throughout India. The miserable position of the Indian is very deplorable with his average life of 22½ years and average income of Rs. 46 per year. The agricultural indebtedness of the peasantry is appalling and the mortgage indebtedness of India has been computed by experts at 600 crores, so much so that it has reduced the Indian cultivator to the position of 'one who is no better than a serf.'

The uneconomic character of the holdings, the lack of irrigation facilities in dry parts, the loss of income to the ryots caused by the destruction due to foreign exploitation of the cottage industries which offered them a source of subsidiary occupation in slack seasons, and the ignorance and the conservative spirit of the cultivator, have all tended to low agricultural production and very low standard of living in India. Above all, the increasing indebtedness of the ryot has sapped his energy and enthusiasm.

The solution for the Indian agricultural problem has been sketched out ably by Sir Horace Plunkett in his evidence given before the Royal Agricultural Commission. He says that 'Agriculture must be treated as an industry, as a business, and as a life.' The industry must be levelled up to the efficiency of urban industries by the application of the modern science. To develop it as an industry is chiefly the concern of the State. While the organization of the business side of agriculture properly belongs to private enterprise, in backward rural communities, the State will have to take the initiative. The main point to be borne in mind is that the form of co-operation must be the Co-operative and not the Joint-stock plan. Lastly, the building up of agriculture as life, and improving social and intellectual existence is best done by individuals and social service organizations, although the Government should be prepared to direct and help rural reconstruction.

The agriculturist in India lacks capital and the knowledge to increase the yield from his land as much as possible. It is only by harnessing capital with knowledge that there could be any hope of redemption. The development of the credit activities in volume and variety cannot alone solve the problem so much as non-credit activities devoted primarily to development of agriculture in all directions. How can Co-operative Societies help to gain this end? The question is best answered by a preliminary study of the history of co-operation in Western countries.

Ireland has many resemblances to India and therefore the achievements of co-operation to improve the agriculture of that country will, and are sure to be a lesson of profit to us. Agricultural societies in Ireland undertook at

the beginning two important functions, namely, (1) the improvement of livestock and (2) the establishment of experimental plots. It enabled the small farmers to provide themselves with pure-bred bulls, boars, rams and stallions by judicious introduction of strains suited to local conditions. The livestock was thus improved immensely by the Auxiliary Agricultural Associations. These societies were the principal distributors of agricultural requirements in Ireland. By the use of associated credit these societies were able to produce at the most favourable terms and at the same time to give credit to their members when required, the period of repayment not exceeding ten months at the most. Some societies also took up the manufacturing of their own manure mixtures thus producing their own agricultural requirements, some co-operative societies purchasing and hiring machinery as well.

Experiments made in the co-operative sale of agricultural produce by the Irish Agricultural Wholesale Society proved successful. They secured better price—they dealt in manures, seeds, machinery, implements, dairy requirements and feeding stuffs and all descriptions of agricultural requirements and the local societies came to appreciate the important part played by the I.A.W.S. and the protection offered to weaker societies.

Joint purchase of seed and manure yielded better crops. Instructions given by the departmental lecturers and county instructors led to an expansion of the production of compound manures. Bank facilities being needed, Trading Federations were started and societies were compelled to become members thereof by the I.A.W.S. and to deal exclusively with them and individual members had similarly to be bound to their societies.

Some of the Irish Agricultural Societies did scarcely anything except to purchase seeds and manures and it was thought, that they might with advantage add loan business to their activities. The societies were ignorant as to the state of the market. The societies therefore thought it would be better to arrange with the Wholesale to supply them with the latest market information and thus it was considered that agricultural societies should produce for their members everything they needed for their agricultural industry. If the area was small, two or three societies should unite together for the purpose. They employed really competent secretaries and established adjunct veterinary societies for the benefit of the members. Introduction of co-operative membership of agricultural machinery got over some of the difficulties. Dairy societies appointed creamery inspectors, cowtesting associations undertook periodical bacteriological examinations, and all the year round supply of fodder and above all, efficient managers did excellent work everywhere.

Thus the Irish farmers were determined to self-determine their own industry. By 1920, every shade of opinion accepted the co-operative movement as an indispensable element to national welfare. The General Purpose Society helped them a great deal. As ignorance of what co-operation was, and the failure to apply co-operative doctrines would lead to the failure of many societies the work of the I.A.W.S. in education and propaganda throughout the country under the lead of its great leaders and pioneers was immense and benefitted the people very much.

The example of Denmark is even more striking. The population of Denmark is not more than  $3\frac{1}{2}$  millions; but this small country has merely by co-operative organizations raised itself from the verge of bankruptcy to a state of affluence and contentment. At one time the fame of American wheat in the Denmark market created a good deal of consternation amongst the agricultural population of that country. The soil of Denmark was poor and the wheat produced in it could not compete with American wheat. The people were in despair. The State and the people however rose to the occasion, introduced co-operative methods of farming and marketing and saved the country.

The Danish farmer now restricts his attention mainly to production and leaves the marketing to be done by organizations formed for the purpose. In marketing co-operative societies, each member when delivering his produce, receives part payment according to quality, generally  $\frac{9}{10}$ ths of the market price. The Danish farmer rears his poultry, pigs and cows and rears them well, and brings out the best results. There are in Denmark 900 creameries or dairy factories as they are called, and 686 of them are co-operative. For the whole country there is an association, the object of which is to establish a sustained high standard of quality in all milk-products. There are societies for the supply of fodder to cattle and in the distributive societies  $\frac{4}{5}$ ths of the members are agriculturists. In seed-cultivating co-operative societies there were in 1926 2,800 qualified seed-growers.

In 1925 the Danish Co-operative Committee had had under it 45 federations with 9,745 co-operative societies and credit organizations. Being a nation of small free-holders the number of holdings was 200,000, while the turn-over of the co-operative societies for 1925 was 541 million dollars. The share of the Danish holdings in the co-operative movement may be seen from the following figures:—

Dairying	... 89.5 per cent	Manure-supply	... 24.3 per cent
Slaughter-houses	... 69.4    "	Egg-packing	... 21.5    "
Fodder-supply	... 31.2    "	Cattle-breeding	... 14.7    "

This small country through its co-operative societies now annually exports to the United Kingdom, butter, cheese, bacon and eggs worth more than 30 crores.

There is no definite legislation in Denmark, and members lay down their own regulations which have the force of law—dispute among members of co-operative societies being settled by arbitration courts. The movement arose from the realization of the necessity and value of co-operation and belief in the strength of union. The legal obligations of the members are slight, but those imposed by rules are severe.

In the matter of education there is a co-operative course every year, besides several courses in agricultural schools; the co-operative system has revolutionized the methods employed by the peasants and has lifted and enriched the nation.

In 1844 the French farmers found their prosperity threatened by an extensive foreign competition and turned to co-operation for the preservation of life. The agricultural syndicates grew up and legislation legalized them. The chief aim of the association from the start was to assist the

cultivators. Joining the Syndicate, the agriculturist had the advantage of better prices, technical assistance, cattle insurance and credit. The syndicate organized an industry, combined various classes of men and enriched the agricultural work.

The recent history of agricultural development in Soviet Russia is bewildering. They have far exceeded their estimate in the five-year plan and 40 million hectares of land have been newly brought under cultivation and an up-to-date factory for the manufacture of agricultural implements on a very large scale has been set up. In formulating plans for the development of the agricultural industry in India, attention must be directed to raising the best crop possible. This can be done only by introducing improved seeds, manures and scientific methods of cultivation in a manner which can find popularity with the farmers. The foregoing methods by which Ireland and Denmark improved their agriculture by forming agricultural associations and organizing co-operative societies for certain purposes, with a central agency at the top to guide and help, can be copied with profit in our country.

*Co-operative Marketing.*—The farmer should concentrate on raising the best crop possible from his land with healthy cattle and through improved methods and as for marketing his produce, it must be done for him by other organizations. In Europe the two functions are clearly divided. The producer gives his best and undivided attention to his produce and the marketing society of which he is a member finds out how to obtain the best value for his crops. In this country unless the above method is adopted and the middle-man eliminated (since the ryots are ignorant and helpless), a large share of the profit cannot, and will not, go to the actual producer. The financing banks can play a great part in helping to find a suitable market for the raw products of a country. Here is an example.—The Agricultural Bank of Bulgaria in 1919 undertook an investigation into the marketing of the silk cocoons in their country and abroad. At that time there was much exploitation by merchants, and producers consequently lost heavily and many were forced to stop raising cocoons, inspite of the excellent condition of their production. The Agricultural Bank knowing exactly the price of cocoons abroad, began to operate in two directions (1) by laying cocoons for itself and (2) by inducing the producers to deposit their cocoons against provisional advance. The results of the intermediation of the bank were striking. The prices doubled immediately, and within a period of five years, the producers got for their cocoons five times the value that they were getting when their produce passed through the hands of the middlemen.

Till recently, America led in marketing by sale of agricultural produce on co-operative lines. In 1922, the turn-over of all the agricultural sale societies in that country was over three hundred crores. Japan supplies more than 64 per cent of the world's supply of raw silk. There are at least 20,000 syndicates dealing in the purchase of seeds, leaves, and sale of cocoons which are all not incorporated but formed on co-operative lines.

In India, only in two provinces co-operative marketing has been attempted; the paddy and jute-sale societies in Bengal and the cotton-sale societies in Dharwar in the Bombay Presidency. In Madras there is a cotton-sale society at Tiruppur which is yet in the infant stage. In the Madura district, Co-operative Banks have been successfully worked out for

the cardamom planters, who on the model of the Bulgarian Bank, have been taking their stock and lending money on the pledge of the produce. But for the marketing of their cardamom produce, an incorporated company has been started with headquarters at Kumbai and with sale branches throughout India. If this marketing could be successfully done through co-operative lines as well, it would be a marked achievement in Indian co-operative marketing. The entire profit would then go to the producer. Here is a good opportunity for the business co-operator.

Much remains to be done in the direction of marketing of agricultural produce in our country at the present day. The defects noticed in the co-operative movement in India to-day, are all due to the disproportionate development of credit activities in the past quarter of a century to the utter neglect of other vital agricultural problems crying for help and redemption.

The Indian agriculturist is between two fires—the village money-lender and the middleman. For all his requirements, both for family and cultivation expenses, the village money-lender lends him in cash and in kind, and either takes back the money lent out with compound interest, or contracts with the borrower to purchase his entire crops, or to the extent of his dues which is done usually at rock-bottom prices. The borrower is thus a double loser, paying high rates of interest and selling cheap. What is left by the village money-lender is taken away by the middleman who is the thin end of an unbroken chain of an organization in this country who by a mechanized process of transport, carry away the raw products of the country, slowly and silently to the big warehouses on the coast to be shipped away to the foreign countries steeped in industrialism, only to be shipped back to this country as finished goods selling at four to ten times their original price. The magnitude of this trade will be evident from the figures supplied annually by the Government which amounts to several crores. Serious attention should be paid to this vast national problem by all co-operators, economists, business-men and leaders of the country. Efforts should be made to arrest this national annual drain, to store the agricultural produce in India, and to manufacture them for the various national wants. Only the surplus should be shipped away and at fair prices, the business being done by wholesale co-operative societies. The problem is immense as it is urgent and may seem impossible, but nothing is impossible to the one who wills, be it a nation or an individual.

*State Aid.*—Not the least but perhaps the foremost should be the help rendered by the Government to gain this end. The gratitude of the millions in India is theirs for having instituted the great co-operative movement in India 25 years ago and guided it safely by offering it very many facilities that as a result, it has taken deep root spreading its branches everywhere and benefitting the people in many ways. The next great step that the Government should take and pursue in the succeeding quarter of a century should be taken in the direction of advancing agricultural co-operation and helping agriculture through it. Even in Germany, where credit co-operation and banking are highly developed, the number of agricultural co-operative societies is as high as 34,000, helping and aiding the agriculturist from start to finish. The greatness of Germany before the War was through scientific agriculture. In Italy, the State has thrown open its Exchequer to help the co-operative societies and develop the agriculture of the State. The Bavarian Government gave generous support

to agricultural societies in the first few years. For some years, grants aggregating to £600 per annum were made to such societies and the State made both advances and grants on a large scale to the erection and equipment of crop granaries.

The State of Japan, has helped its primary industry, namely silk, by grants of loans of very large sums at low interest and by the establishment of Schools and Colleges for the teaching of Sericulture. At the head of all is the Sericultural department of the State, which with its exports and abundant resources have helped to develop this primary industry through the aid of Co-operation that it stands to-day unrivalled in the face of International competition in trade.

In England, in 1919 the Ministry of Agriculture agreed to make grants to the Agricultural Organization Society from the Development fund on an extensive scale, gradually diminishing every year for four years. It was expected that by that time the society would be self-supporting and no further assistance would be needed thereafter. The sums actually paid to the Agricultural Organization Society under the above arrangement were as follows:—

1919-20	£ 51,000		1921-22	£ 11,586
1920-21	£ 28,000		1922-23	£ 4,556

If this were so in the case of a country in which the occupation of agriculture is confined only to a small percentage of the population, most of whom are rich landlords owning large farms and estates, and where the proportion of agricultural co-operative societies to the total number is ludicrously small, how much more should be the magnitude and amount of interest and care to be taken by the Government of India to develop the agriculture of the country through co-operation and to help the poor, miserable and petty-holding peasants!

*Subsidiary Occupation.*—It is a well-known fact that the Indian peasant works on his land, only from six to eight months in a year and has no occupation to do in slack seasons and off-hours. This is another national waste and Richard Gregg in his book on *Economics of Khaddar* has at a moderate calculation computed the loss at 180 crores of rupees for the 107 million of the population directly working on the land. Old decadent cottage industries which have received a rude shock by unhealthy foreign competition, should be revived and new ones introduced in villages as suited to local conditions for utilizing the spare hours of the farmer which he spends in idleness. Subsidiary occupations such as hand spinning and weaving, fruit-gardening, mat-weaving, poultry-rearing, sericulture and a host of others could be organized and encouraged to bring more money into the pockets of the farmer and the poor.

*A Scheme of Agricultural Education.*—The primary duty of the State is to educate the Indian agriculturist in the newer methods of cultivation with improved appliances. Knowledge should precede and following it, he should be supplied with good seeds, manures and implements and machinery, and good breed of cattle all easily available for him at his door, with an instructor to guide and help him through his agricultural operations.

Agricultural supervisors, on the model of the co-operative supervisors should be trained in large numbers to take charge of from 25 to 30 villages, and be made to move more closely with the villagers and be a constant guide to the ignorant ryots.

Demonstration-farms on co-operative lines on the model of the one at Lalgudy, under the guidance and supervision of the Agricultural department should be started in as many centres, particularly in all taluq headquarters where there is a constant concourse of villagers for purposes of business, both official and trade. Agricultural societies should be started in large numbers for the supply of good seeds, manures, and implements, and the loans granted to members for the purchase of the above should only be disbursed in kind from such societies. Loan and sale business should be done in the same society and for the marketing business, it should be connected with a Wholesale society at the top, managed by experienced and business-knowing persons thus completing the structure.

The Government may train men doing honorary work by giving them agricultural education and giving them training in organization work, and they in turn may be entrusted with doing a lot of preliminary work, as it is being done in the case of co-operative and village panchayat movements. A beginning could be made by training the office-bearers of the co-operative unions and societies. In the various co-operative training institutes now being conducted in the Madras presidency, the students may be given training in agriculture from 4 to 6 months at least, as the present-day business training is not sufficient to equip persons who are to work in the villages. Besides, when the plague of unemployment visits such institutions as it has done in the case of so many schools and colleges, the students trained in such institutes may have the confidence to stand on their own legs by forming agricultural co-operative societies and working for them.

Similarly, co-operative training could be given to the students and officers in the Agricultural, Industrial and Dairy departments, since hereafter non-credit activities have to be entrusted to experts in the particular line so as to be sure of the success and continued progress. A liberal and forward step to meet the situation is what is necessary at the present moment.

### **NEED FOR AGRICULTURAL IMPROVEMENTS AND WHAT THEY ARE WITH SPECIAL REFERENCE TO SOUTH KANARA**

By K. UNNIKRIISHNA MENON, DIP. AGRIC.

(*District Agricultural Officer, Tellichery*).

To improve the position of the farmer either with regard to his economic position or health—two inter-dependent factors—is the problem on hand. I shall in this paper attempt to place before you certain hard facts which every ryot in the country, especially in the West Coast, has to care for to improve his agricultural programme. We have to remember at the outset that the prosperity of the country with about 80 per cent of its population engaged in agriculture, must be identical with the advance that the country will make in economic farming, in providing food for the increasing population and in supplying raw materials for the industries at

<sup>1</sup>Extracts from a paper read before the Fourth Agricultural and Industrial Exhibition, Mangalore—January 1931