

Study of the Organisation and Functions of Co-operative Farming Societies in the Madras State*

by

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Synopsis: A study carried out on the organisational pattern and operational strategy of co-operative farming societies functioning in Madras State is reported in this paper.

Co-operative farming has assumed greater significance in the wake of the continued support and encouragement of the Government of India in their efforts to reorganise agricultural institutions and reorient their functions to fit into the dynamic framework of Indian agriculture. Co-operative farming is identified as an institution or business organisation in agriculture which can render all the advantages of large scale operations and mitigate against the twin evils of subdivision and fragmentation of holdings which dampen the enthusiasm for adoption of improved technology and deter cultivators' efforts to get out of subsistence farming characterised by vicious circle of low productivity and low capitalisation in these atomistic business units. Further it is, as it is claimed often, an association for economically weaker sections of farming communities to report to joint endeavour with the objectives of mutual help and service and to array against powerful interests like traders in farm requirements and farm products in the markets which are woefully tilted against the farmer. Voluntary association is the hallmark of the co-operative movement and co-operative farming institutions enshrine this vital principle.

Different types of Co-operative Farming Societies: The main types of Co-operative farming societies functioning in the Madras State are:

- (i) Co-operative joint farming societies,
- (ii) Co-operative tenant farming societies, and
- (iii) Co-operative land colonisation societies.

The organisational pattern of having a General Body delegating administrative functions to an elected Board of Directors with a President and a Secretary under the democratic constitution is the same for all the three types of societies. A Senior Inspector (Co-operation) to guide the managerial aspects and an agricultural Fieldman or Demonstration Maistry to provide the technical know-how are there and the cost of their service is met by governmental subsidies for the initial period of settlement and development. Allocation of profits to build reserve funds was also common but they differ in their operational strategies which are oriented to the local situations.

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The co-operative joint farming societies are organised with the following objectives:

- (i) to pool the land and resources and to carry out joint cultivation,
- (ii) to arrange for heavy investment in reclamation of lands, bunding, sinking of well and installation of engines and pump sets, desilting and renovating of tanks, building cattle sheds and godowns,
- (iii) to purchase farm requirements, to process farm products and to market farm commodities jointly,
- (iv) to organise subsidiary industries, and
- (v) to disseminate among members knowledge of improved farming techniques. The lands are pooled and the arrangement is that the lands thus surrendered are deemed to have been taken on lease from members on condition that the lease stands for 15 to 20 years and the members can not revoke the deed and if he leaves the society within the stipulated period he will receive only compensation. The members get land dividend at a rate not exceeding 60 per cent of net income and they receive labour dividend not exceeding 20 per cent in proportion to the wages earned by them. Cropping schemes and plans for procurement of farm requirements and other related matters are planned and approved by the General Body. Thus all functions are integrated and the members have title over their lands and receive land dividends for that.

In the case of co-operative tenant farming societies, they take lands on lease from institutions like Devasthanams, Charities and Endowments and they allot (or sub-lease) the lands to their members for individual cultivation. These societies are organised mostly in areas of settled agriculture and where lands are available in large areas. These societies arrange for the supply of farm requirements and credit and distribute subsidies for the purchase of workstock and implements. They collect rent from their members and pay to the land-owning institutions. They charge 5 per cent of lease amount to meet the establishment and other charges. Here cultivation is left to the individuals and the society acts as an agent to mobilise necessary resources and to disseminate the knowledge of improved farming methods. The success depends upon co-operation of individual members and their interest and initiative.

The co-operative land colonisation societies are organised to rehabilitate the landless labourers, Harijans and ex-servicemen. Lands are generally assigned to the society by the Government and the society allots them to its members on condition that, subject to individual efforts to fulfil the object of the society, the lands allotted now will be assigned to them after 20 years. Subsidies, loans both interest free and interest bearing, and credit accommodation by the Co-operative Central Banks are provided for land reclamation, sinking and deepening of wells, purchase of workstock and implements, building of cattle and implement sheds and godowns and installation of pumpsets and engines. They arrange to secure

credit and procure farm requirements. In these societies the members cultivate their lands independently. Heavy investment is provided because the members are landless labourers and they settle in culturable wastelands which need reclamation and bunding before the seeds are sown. A well co-ordinated plan by different departments for development is necessary.

Methodology: Thirty farms of different types for study were selected from the lists furnished by Deputy Registrars and questionnaires were mailed to these farms eliciting information on the organisational pattern and the functional aspects. Twenty three questionnaires were returned with replies out of which, it was found, 4 had to be rejected because of incomplete information as these societies were being organised and were in their formative phase of establishment. Of the remaining 19, four pertained to Co-operative Joint Farming Societies, 5 Land Colonisation Co-operative Societies and 10 Co-operative Tenant Farming Societies. Field trips were undertaken to make direct contacts in order to get first hand information and to make on-the-spot study and 7 societies were covered during these trips.

The results of the study are tabulated and given in the Appendix. For the sake of brevity the salient features of only two of each society studied are given below :

A. Co-operative Joint Farming Societies:

CASE I: (Farm I—App. I): This farming society was established in the middle of 1959 with the objective of pooling fragmented dry holdings of marginal cultivators and to bring the lands under irrigation by sinking wells. The area of the farm was 98.67 acres and dry crops like *chulam*, *tenai*, *karunganni* cotton and horsegram were grown previously. After the forming of the Society, 19.38 acres were brought under irrigation and irrigated crops like rice, banana, sugarcane, cotton, onions, groundnut and tapioca were introduced.

The major items of investment were on forming approach roads, forming bunds, sinking wells and installation of electric motor and pumpset, purchase of workstock and purchase of implements. The total investment made so far amounted to about Rs. 32,000. Within the short span of activities the total receipts from crops were Rs. 15,643 as against the total cost of Rs. 8,433 the major share of which, 81.19 per cent, was disbursed as wages. Improved seeds, better manuring and plant protection measures were adopted in the farm.

The organisational pattern was the same as in any other joint farming society. A Senior Inspector assisted by an agricultural maistry was looking after the management of the farm. The President also used to attend to the supervision of field work. Out of 37 members 11 were employed in field work, 14 deputed their family members for field work, 5 were employed in the maintenance of cattle, book-keeping and marketing jobs and 7 were non-resident members and did not participate in farming at all.

CASE II: (Farm III-App. I): In 1960, 46 small farmers started this society in 40 acres pooled into one block with the objective of improving the irrigation facilities and to increase agricultural production. The crops grown in 1961-'62 were *ragi*, cotton, *chulam*, tomatoes, *sesbania* and during the subsequent year chillies and groundnut were added. The main items of investment were on purchase of workstock and implements, deepening of wells and installation of electric motor and pumpset, repairing irrigation channels and building godowns, cattle sheds and sheds for pumpsets. The investment made so far was Rs. 9,731. The total capital investment planned was Rs. 20,710 which worked to Rs. 450/- per member and Rs. 518/- per acre. For the year 1961-'62 the total receipts from crops were Rs. 6,517 as against total cultivation expenses of Rs. 6,515. In the absence of wells fitted with electric pumpsets the farm turned out to be a marginal farm. Though the organisational set up was the same as that of any other joint farming society, its functions fell far short of expectations. In fact it was reported that no member was interested in the management of the farm and no one was prepared to take up the responsibility of supervising field operations and the President had to be persuaded to hold the office. The felt needs were for installation of electric pumpset and minor irrigation facilities by desilting and bunding the irrigation tanks in the western side of the farm. The standard of farming was also much to be desired.

B. Land Colonisation Co-operative Societies:

CASE I: (Farm I: App. II): This society was one of the oldest societies formed in Madras State and it was established in 1942 with a membership of 89 out of which 3 left the society. The membership was heterogenous comprising of many communities and the total extent of the farm was 431.41 acres out of which 250.24 acres were irrigated and 181.17 acres were dry. The lands were provided by the Government on lease on condition that the lands would be assigned after 20 years. The pattern of capital investment was the provision of loans both interest free (Rs. 13,000) and interest bearing (Rs. 19,800) and subsidies (Rs. 31,155) for sinking wells, installation of pumpsets, purchase of workstock and implements and reclamation of land and it worked out to Rs. 150 per acre.

The crops grown were rice, *cumbu*, *chulam*, *ragi*, turmeric, cotton, chillies groundnut, sugarcane, black gram, horse gram, red gram, castor, onion etc. Improved technique of cultivation was not widespread and about a third of the members showed some awareness with regard to fertilisers and plant protection measures but, by and large, the existence of the society for more than a decade has not had a greater impact on the members. A Senior Co-operative Inspector was looking after the activities of the society and guiding the Board of Directors.

CASE II: (Farm IV-App. II): This society had a chequered history behind its present level of development. This society was started as early as in 1952 to rehabilitate the handloom weavers who were thrown out of employment and were subject to abject penury and privation. No doubt they rushed to the lands with

loans and subsidies provided by the Government but later found to their utter dismay that they could not play ball with agriculture as their background was different and they could not take up reclamation of lands and farming. They lived on the capital intended for farming and slowly melted away from the scene. Then came a band of landless agricultural labourers from different parts of the district and different communities. Men came from the same village and who had no families were eating and living under the same roof. They had no capital and this problem was solved in an amazing way. They took on lease garden lands to start with and worked hard and saved as much as they could and with their savings turned to society lands for reclamation and cultivation. Government also provided loans and subsidies to the tune of Rs. 1,44,948 of which a sum of Rs. 50,600 was invested in workstock, implements and machinery. Soon after they could reduce the risks of farming they abandoned the practice of leasing-in outside lands and settled in their farms.

The total area owned by the society was 750 acres for its 146 members. The crops grown were rice, tapioca, onion, groundnut, *varagu*, horse gram etc. Ammonium sulphate was applied to rice crop and almost all the members evinced keen interest in improving their cultivation by adopting scientific methods and the society was arranging for the supplies. The members would like to have more lands as with 5 acres they could not provide for fuller utilisation of their labour and talents. They were not prepared to take up joint cultivation but they worked together in sinking and deepening their wells. The society recorded a profit of Rs. 429.23 and 50 per cent of it went to the Reserve Fund of the Society. The members were satisfied and feeling secure in their life and were more keen in expanding their cultivation.

Another point of sociological significance was the emerging social pattern. The original parochial understanding at the time of their arrival and settlement yielded to a new pattern of community living. There were different castes and communities. The same caste had different groups based on the origin of migration and they faded away gradually and inter-family marriages (about 10 such marriages were conducted during the last three years) were becoming more common. Members were keen to have marriages among families from within the settlement lest the labour force of the settlement should be diverted on account of alliances from without.

CASE: III: (Farm V - App. II): At the foot of the hills this society was formed on 352.68 acres of dry land by 50 members who were landless labourers of the adjoining village. Each member was allotted 4.5 acres of land and loans and subsidies for reclaiming lands and sinking of wells. The capital outlay was Rs. 68,650 which worked to Rs. 195 per acre on an average. So far one well has been sunk successfully and five acres brought under irrigation. The main crops were rainfed groundnut, *cholan*, *samai*, *kuthiraivali*, horsegram, cotton and irrigated rice. The cultivation was individual and the standard of cultivation was pretty low by accepted standards like the use of improved seeds, better

manuring, better cultural practices etc. The society had bought sprayers and the Block Office granted compost subsidies and the members gave the assurance that once irrigation facilities could be secured rational manuring and improved cultural practices would be taken up.

C. Tenant Co-operative Farming Societies:

CASE I: (Farm III. App. III): This society was started in 1959 with 23 members. This society took on lease 77.39 acres of wetlands from a Devasthanam on an absolute and unconditional lease of Rs. 13,226/-. The land was allotted to its members and cultivation was taken up on individual basis. The society procured credit, supplies and technical guidance. One Senior Inspector (Co-operation) and one agricultural Fieldman were helping them. A subsidy of Rs. 2,250 and interest free loans to the tune of Rs. 3,275 were disbursed by the society for purchase of workstock and implements.

It was reported that the members used improved implements and seeds, adopted plant protection measures and intensive manuring. The yield had gone up by 50 per cent. Greenmanures like pillepesara and green and black grams were grown as catch crops. Rent was considered to be on the high side and the Devasthanam was rigid in collecting rents and reported to be not appreciative of the efforts of the members who were otherwise satisfied with the working of the society.

CASE II: (Farm IX. App.-III); This society had multipronged functions and had marketing functions integrated. This was started in 1952 with 141 members and with 451 acres of land taken on lease. The lands were allotted to its members, seeds, implements etc., were purchased and distributed by the society, loans were secured and farm products were marketed through it. To help the members settled in an unhealthy locality at the foot of the Nilgiris, one mid-wife and one maternity assistant were working in the society and one school was functioning. The members were cultivating the lands allotted to them with their own plans. Rents at the rate of Rs. 150 per crop per acre and Rs. 50 per acre in the case of dry lands were collected from the members. The society maintained two sections of trade. In the main section the items of purchase amounting to Rs. 94,598 were food grains, timber, fertilisers, cement, yarn, paddy, manure etc. whereas the sales items accounted for Rs. 1,01,507 resulting in a gross profit of Rs. 6,909. In the retail section the gross profit was Rs. 18,760.

The members were adopting improved technology and their co-operation in solving day-to-day problems of the community was encouraging. The Advisory Committee recommended to the society to switch over as a Joint farming society as suggested by the Registrar of Co-operative Societies.

Discussion of the results: The organisation of co-operative farming societies of various types studied above indicate that they have the democratic base and voluntary accent of association. The motivating factors for joint cultivation

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under the auspices of co-operative joint farming societies were (i) the need for heavy investment for effecting permanent improvement to lands and bringing more area under irrigation to insure against seasonal risks, (ii) the need for more capital for the purchase of farm requirements and to meet cultivation expenses, and (iii) the need to secure the services of technical and managerial personnel. Joint cultivation was considered to be automatically related to increased production. But the inevitable gap between joint cultivation and better efficiency, as the pooling of resources including technical skill would not necessarily improve the condition, was not understood in proper perspective, and as a result, technical aspects of production was not covered except in one or two farms. The position was worse in the case of the colonisation co-operatives where, generally, the spread of knowledge of improved farming practices left much to be desired. In general the motivating factors provided a scope for group action and the joint farming societies that had come up on the hopes of fulfilling their felt needs sometimes ran the risk of frustration when they failed to accomplish their objectives. Thus, one society was found putting in a herculean task of sinking well in a shifting soil by adopting plastering of walls and other engineering devices and, on the other hand, another society was in dire despondency. The members lost their interest, the president was anxious for relief from the office and all expressed their scepticism over the way the society was functioning. The basic need, and the real need too, of electricity was not provided and secondly desilting of tanks could not be taken up. To sum up, defective operational strategy coupled with red tapism in the administrative wings of the collaborating departments caused a set back in the organisation. Such lapses would sap the enthusiasm and active participation on which the whole edifice of the organisation is built up.

In the case of co-operative tenant forming societies the standard of farming was found to be relatively high. But one of the central problems in these societies seems to be the uncertainty prevailing over the lease period and the unconditional and absolute lease insisted upon. It would do more good if such leases could be extended over a longer period or even as long as the society could pay the lease without any default.

The Co-operative land colonisation societies posed a different set of problems. The selection of settlers needed close consideration. The handloom weavers failed to take advantage, the landless agricultural labourers not only lived up to expectations but closely followed the objectives of the society and with their hard work and enthusiasm they could build a garden of 'Eden' in the wilderness. In another case the membership was mixed and the homogeneity was lost and the society was lingering even after about 20 years of its existence. In the third case the members were from outside the village and yet they were working hard because of the land hunger which was warming their blood and spirit. The essential lesson one could draw is that so far as co-operative colonisation in agriculture is concerned settlers should have an agricultural bias and if they are landless agricultural labourers they know the worth of the soil.

Conclusions: Of the three types of co-operative farming societies studied there were instances of partial and total success or failure depending upon the circumstances under which the societies were established. One can not avoid the impression that if the societies are built by generating the motivation for group action matched with a sound operational strategy the probability of their success is high and if 'target achievement' should guide the pace of development rather than the creation of ideal conditions, then, as Schiller (6) apprehends, the probability is more for *pseudo* societies to be organised which might be an eye sore and discourage the farmers who intend to try the idea of co-operative farming.

The question of ownership of land is another point. So long as the ownership is not disturbed, as often claimed, there is an element of security. The central problem seems to be the operatorship. Relinquishment of the right to use land is no less a difficult decision than the surrendering of ownership right.⁷ The pride of self employment and freedom of action appears to be a strong factor and unless economic benefits outweigh the non-pecuniary gains it is well nigh impossible to encourage joint cultivation. It has been contended that such economic benefits through joint cultivation is marginal.⁴ Kahlon and Singh⁸ reported that disintegration in co-operative farming societies emerged more due to the failure of the joint decision making which is an essential adjunct of joint farming. Further Shastri⁹ quoted the data obtained during the investigations "Studies on Farm Management" in typical regions of the country to disprove the contention that large holdings are more productive than small holdings. Schiller⁶ and Digby² reported that recently the trends noted in West Germany, Mexico and Egypt were that the individualistic type of Co-operative farming or divided co-operative or co-operative farm with individual operatorship is getting an increased importance and the process of joint cultivation is being reversed.

It is argued with convincing force that the scope for economies of scale lies in joint procurement and merchandising functions¹ and through building countervailing power much can be gained in this direction. Production function needs to be oriented to the above two functions and this can be done with greater advantage with individual decisions. The decisions of firms are required to such an extent and beyond which there appears to be no scope under the existing conditions. Even in the long run this pattern of functional distribution seems to be a desirable means to achieve the national goals of allocative and income efficiency in agriculture. Joint cultivation in Israel and Soviet Russia was impelled by political objectives². Private sector in Soviet agriculture is reported to have better efficiency and more appeal to the members of *Kolkhoz*³. In an eminently democratic society as in India and in an emergent mixed economy co-operative farming of 'firm-plant' pattern would ensure greater flexibility and when these institutions build their economic viability they serve as a bulwark of democracy and serve to contain monopolistic and malevolent tendencies in the economic structure. Self-content, enlightened and organised peasantry provide the needed force for self sustained economic growth as a whole.

APPENDIX I

Statement showing the year of Establishment, Membership and Capital outlay in the
Co-operative Joint Farming Societies in the Madras State

No. S.	Details	Farming Institutions			
		I	II	III	IV
(1)	(2)	(3)	(4)	(5)	(6)
1.	Year of establishment	16-6-1959	1960	1960	1961
2.	Audit classification	B	B	B	C
3.	Membership	37	49	46	72+98
4.	Extent of the Farm (Acs.)	98.67	103.46	40.00	77.08
	Wet	Nil	21.02	Nil	9.72
	Dry	79.29	82.44	20.00	60.02
	Garden	19.38	Nil	20.00	7.32
5.	Capital investment	85,554	36,548	20,710	16,094
	(a) Share Capital	1,312+2	1,538	310	190
	(b) Subsidies	22,870	8,010	13,400	50
	(c) Loans - Government Co-operative Banks	46,370 15,000	22,500 4,500	7,000	13,434 3,020
6.	Total returns	15,643.35	6,950	6,517-12	12,949
7.	Total costs	8,432.59	4,215-54	6,515-77	4,990
	(a) Cultivation expenses	1,588.51	1,591-69	3,113.11	N. A.
	(b) Wages paid	6,844-08	2,623-87	3,402.66	N. A.
8.	Net Returns	+7,210-76	+2,734.46	+1.35	7,959
9.	Investment/head	2,319	745.7	450.2	231.4
10.	Investment/acre	867.6	353.1	518.0	216.7
11.	Percentage Wages to total costs	81.19	62.23	52.30	N. A.

N. A. = Not available

APPENDIX II

Statement showing the year of Establishment, Membership and Capital outlay in the
Co-operative Land Colonisation Societies in the Madras State

No. S.	Details	Farming Institutions				
		I	II	III	IV	V
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Year of Establishment	1942	1948	1960	1952	1961
2.	Audit classification	B	C	C	C	...
3.	Membership	86	82	66+3	146	50
4.	Extent Total	431.41	355.42	529-66	750	352-68
	Wet	...	355.42	...	...	...
	Dry	181.17	...	529-66	250	352.68
	Garden	250.24	...	...	175	...
5.	Capital Investment	64,760	48,000	1,78,644	2,27,558	68,650
	(a) Share capital	805	4,100	663	7,450	50
	(b) Subsidies	31,155	20,500	30,772	55,160	42,975
	(c) Government Loans	13,000	16,400	1,47,872	1,44,948	25,625
	(d) Co-operative Banks	19,800	7,000	Nil	20,000	Nil
6.	Investment/acre	150	135	337.00	304	195

APPENDIX III

Statement showing the year of Establishment, membership and Capital outlay in the Co-operative
Tenant Farming Societies in the Madras State

Details	Societies in the Madras State				Farming Institutions				
	I	II	III	IV	V	VI	VII	VIII	IX
1. Year of establishment	...	1959	1958	1959	1959	1959	1959	1959	1959
2. Number of members	...	92	230	38	45	23	48	102	141
3. Extent of Farm	...	205.21	374.25	77.39	56.62	60.79	151.17	190.35	451
4. Wet	...	295.21	323.51	76.78	56.62	60.79	151.17	170.59	288.0
5. Dry	50.74	0.01	8.00	...	...	19.76	137.0
6. Garden	20.00
7. Lease amount	...	12,168	40,160	13,226	18,400	9,389.33	23,790	56,657	Rs. 150/- per acre wetlands; Rs. 50/- per acre dry lands
8. Capital outlay:									
(i) Share Capital	...	9.0	5,190	395	420	1,390	580	3,590	93,190
(ii) Subsidies	..	5,775	7,125	2,250	1,800	1,687	2,050	5,375	4,500
(iii) Loans I. F.	...	7,800	14,575	3,275	2,900	4,673	2,050	7,725	4,500
(iv) Loans I. B.	...	3,757	...	5,622	1,600	...	1,500	1,752	...
9. Increase in yield	...	23%	N. A.	50%	27%	25%	20%	25%	N. A.

NA - Not available

IF - Interest free

IB - Interest bearing

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