

UNEMPLOYED YOUTH TRY THEIR HAND AT

Cooperative Nature Farming

A Case Study

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VIKAS SAHYOG PRATISHTHAN

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Vikas Sahyog Pratishthan is constituted by voluntary development organizations, working in the rural and urban areas of Maharashtra for the upliftment of poor and deprived sections of society. VSP was formed in 1990 and registered as an autonomous body in 1995. This State level platform was intended to provide the space for organizations, groups and individuals to meet, exchange ideas, share experiences, and to take up the concerns of the marginalized communities on issues confronting them both at the micro and macro level.

It is based on values of gender justice, ecological sustainability, secularism and democracy and collective upholding of principles of transparency, accountability, participatory working and collective decision-making. The aim is to build people centered democratic processes to promote social justice and sustainable development. We are engaged in various advocacy processes that will enhance capacity of rural resource less people for their rights for livelihood and guaranteed employment.

UNEMPLOYED YOUTH TRY THEIR HAND AT COOPERATIVE FARMING

Despite the obvious advantages and a record of successes in other parts of the world, the concept of cooperative farming has never really taken off in India.

Milk cooperatives have a strong presence in many parts of the country -- they are in fact the backbone of the dairy industry and are largely responsible for turning India into a leading producer of milk in the world. Cooperatives have also had success in other fields like agricultural credit, sale of fertilizer, sugar production, and handloom. But in the core area of farming there has been no successful cooperative movement in the country.

Apart from the moral and philosophical aspects of cooperation, there are sound business reasons for joint or cooperative farming. Landholdings in India are small -- the average landholding is below 0.1 hectares. Small holdings necessarily mean low production and low economies of scale, unless there is heavy investment in technology.

This problem can be offset when small landowners join plots and work together. Further, joint management of large plots means distribution of risk -- a crucial factor in a business heavily dependent on an uncertain monsoon.

Cooperative farming in India

The need for cooperative farming was recognized even before Independence, and was a major point on the agenda of the first wave of land reforms introduced in the country in the late 1950s. At a press conference held on November 7, 1958, Prime Minister Jawaharlal Nehru declared: "We think that in every village there should be joint cultivation."

The setting up of 'service cooperatives' was the first stage in introducing the cooperative movement in the country's agricultural sector; joint cultivation was supposed to be the next stage.

However while a large number of service cooperatives were set up, to arrange for marketing of produce, provide credit, and sell inputs like seeds, the transition to joint farming did not take place on a large scale. Although a number of cooperative farms were established, especially in Punjab, these were actually single-family enterprises formed to counter land reform.

A second type of cooperative farming was state-sponsored, or state-imposed. In parts of Karnataka, Uttar Pradesh and Madhya Pradesh, degraded or non-cultivated lands were made available by the government to special groups of dalits, labourers or displaced people. The initiative and motive for joint farming was imposed by the government, and the effort was both expensive and unrewarding.

Service cooperatives, particularly credit cooperatives, are themselves generally in bad shape. A taskforce appointed by the Government of India reported in 2004 that a financial package of Rs 14,839 crore would be required to revive rural credit cooperative institutions in the country.

Benefits and pitfalls

Working against this poor track record, a PACS Programme partner, Vikas Sahyog Pratishtan (VSP), is trying to set up various kinds of rural cooperatives in Buldhana district, in Maharashtra. Rahul Khadse, local coordinator of the CSO, lists the host of benefits rural cooperatives enjoy: “Cooperatives are to be given priority in allotment of government works worth up to Rs 5 lakh. They can take up over 50 kinds of service activities like supplying school textbooks and clothes and making midday meals. If they undertake joint cultivation, each member is eligible for an annual grant of Rs 2,400 for three years. They are also eligible for training and guidance. Half the loan amount they avail of is treated as a grant. Scheduled caste and scheduled tribe members get more benefits.” But there are also pitfalls when cooperatives are sought to be set up with government help. Government-sponsored cooperatives have become synonymous with corruption. The cooperation department is totally out of sync with its lofty objectives. Setting up a cooperative has become, for many, a way of merely getting hold of government benefits, and ‘transaction costs’ are involved in completing formalities.

Khadase agrees: “We faced a lot of difficulty in registering cooperatives. In fact, the officials were most uncooperative. After seeing us struggle to get registrations through proper, legal ways, one official told us, ‘If you are trying to set up a genuine cooperative, my advice is don’t.’”

VSP, however, persisted and has helped set up a few cooperatives after unaccounted official delays of over a year. One of these cooperatives is involved in joint farming.

Cooperative of idealistic youth

Members of the Adarsh Yuvak Swayamrojgar Sewa Sahakari Sanstha (service cooperative of self-employed idealistic youth), based in the village of Tarode-di in Shegaon taluka, are, as the name of their cooperative suggests, a group of public-spirited youth.

The group has organised eye camps in the village and held competitions for children. It has also used the Right to Information (RTI) to ask questions about incomplete public works.

Three of the 11 members of the group are women, and most have studied up to high school or junior college; one of them is a graduate. But education did not improve their livelihood prospects.

Tarode-di is one of the few villages in Maharashtra that is not located in a hilly region and still does not have tar road access to the nearest town, which is Shegaon. The village is connected

only by a *kutchra* road that cannot be used by vehicles during the monsoons. At other times too, the village does not enjoy frequent public transport services. This lack of basic infrastructure has had a severe impact on the village economy.

One of the members of the Adarsh cooperative, Meenakshi Khadale, says: “After I finished my 12th standard, I applied for various jobs for two years in private companies in Shegaon and the Khamgaon industrial estate. But because of the poor transport facilities I could not take up any offer.”

Meenakshi and her friends then explored business ideas, but, again, their options were hampered by lack of reliable transport. Says Sopan Munde, a graduate: “We thought of buying buffaloes and selling milk. We calculated that we could make a profit of Rs 1,000 per buffalo. But we needed to buy a lot of buffaloes, otherwise transportation of milk to Shegaon would have been unviable. Since we didn’t have so much money, we dropped the idea.”

Another more promising idea was starting a flour mill -- there is none in the village and each household makes a trip to Shegaon to grind flour. But the minimum investment required was calculated at Rs 80,000, which was beyond the members’ capabilities.

Under guidance from VSP, the youth then decided to form a cooperative that would take up farming. They decided to pool in share capital of Rs 1,500 each. Some members are from families with medium-sized farm holdings; they could afford to pay this amount and also advance loans to others who were not as fortunate.

While VSP took care of the cumbersome process of registering the cooperative, the members worked out a business plan. They decided to take a seven-acre plot on lease from a relative of one of the members, for an annual rent of Rs 14,000, paid from the pooled share capital.

They estimated that even one good maize crop would yield them a decent profit. With proper care, 20 quintals of maize can be harvested from one acre; each quintal fetches Rs 700.

It was agreed that the members themselves would work as labourers in the field. To protect their investment, they decided to take crop insurance.

After several months, the Adarsh Yuvak Swayamrojgar Sewa Sahakari Sanstha was registered as a cooperative in August 2007, and the first crop sown was sunflower. The per-acre input cost has worked out to around Rs 2,500, and the expected per-acre return is Rs 5,000-Rs 7,000. Even after paying transport charges to carry the produce to oil mills in Shegaon, the cooperative should make a modest profit.

However, Gajanand Rathod, one of the members, says: “We have decided not to distribute profits for the first one or two years.”



The cooperative members are preparing fertilized soil for plantation

If the Taroda- D experiment turns out to be a success that inspires people in other parts of the district, VSP could have a platform to advocate a complete revamp of the cooperative department to make it more responsive to unemployed youth and small farmers who want to take up joint or cooperative farming.

Success stories

Cooperative ventures in agriculture have tremendous scope. While one would assume that the idea has worked best in communist countries, it has actually worked better in highly developed market economies. Between 60%-75% of the market share in grain trade is held by agricultural cooperatives in Denmark, France, Ireland, Austria and Sweden. Even in the US, agricultural cooperatives enjoy a 38% share of the market in trading grain alone.

There are success stories from India too. Around 2,400 small farmers in Thrissur, in Kerala, are carrying out organic paddy cultivation within a cooperative framework, with support from the Adat Farmers Cooperative Bank (AFCB). Members pool in their holdings, jointly cultivate the land using improved practices, and receive wages for their daily labour.

When the produce is sold, at the end of the season, they receive a dividend in proportion to the area of land contributed by them, and a share of income from the produce proportionate to the labour they have contributed. The bank set up nine farmers' committees to undertake responsibility for various aspects of the work, from cultivation, to pumping out water from the paddy fields, and harvesting the crop. AFCB distributed Rs 1.5 crore to the farmers as interest-free loans of Rs 6,000 each. While total cost of cultivation in 2006 was Rs 2.10 crore, expected gross returns were Rs 5.10 crore. The remaining Rs 3 crore was to be distributed among the farmers, proportionate to their landholdings.