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Agricultural Co-operation in Bengal.

A plea for a Central Agricultural Purchase & Sale Society in Bengal.

The latest report of the Registrar of Co-operative Societies, Bengal, shows that out of 8,638 agricultural co-operative societies in Bengal, 8,368 are agricultural credit societies, and that there are only 22 societies for the co-operative purchase of agricultural requirements and the co-operative sale of agricultural produce. The result is that in Bengal the development of co-operation is all too one-sided: we are giving loans to the ryot, but we have not till recent times* made any serious effort to induce him to increase his crop-yield; nor have we made any systematic attempt to organize the sale of his produce so as to secure to him (1) a fair price for his produce and (2) a fair share in whatever profits there may be. As most people who have read about co-operation in other countries know, co-operative credit *by itself* has done and could have done very little really to improve the economic position of the ryot. In order that the ryot might get the full benefit out of his cheap capital, he should apply his borrowed capital to really productive use and he should be enabled to sell his crop in the best market possible. To achieve this object three things are necessary—

- (a) Agricultural requisites—seeds, manures and implements—and other necessary goods should be available at the ryot's door;
- (b) Agricultural experts should help the ryot in learning the proper use of these agricultural requisites; and
- (c) The ryot should be able to dispose of his produce without the intervention of the middlemen in the best market possible.

For these purposes the Departments of Co-operation and Agriculture should combine their effort in

- (1) establishing in areas under a particular crop (paddy or jute or oil-seeds or fruits or vegetable crops) production and sale societies on the Naogaon model (which, for brevity's sake, I would call "Naogaon Type Societies"), and

* I refer here to recent effort in the direction of organizing a Central Agricultural Sale Society in Calcutta under the auspices of the re-organized Bengal Co-operative Organization Society, Ltd.

- (2) establishing a Central Agricultural Wholesale Society as a federation of the Naogaon Type Societies to act as wholesale purchasers of necessary goods and agricultural requisites, and as wholesale sellers of agricultural produce of those societies.

The Naogaon Ganja Cultivators' Society deals with a crop grown on an area licensed by Government; the crop is grown under license and sold under license—the Society has in fact a monopoly of production and sale at fixed price. If we have paddy-growers' societies or jute cultivators' societies, they may not have the monopolist's advantages or profits, but I doubt not that they will enable the cultivators to adopt scientific methods of production, to improve their material conditions in diverse ways, to eliminate the parasitic middlemen and thus get better value from the sale of their produce through the Central Wholesale Society. The principle of the Naogaon Society, *viz.*, combination of producers of a crop in a compact area for "better farming and better business" is sound, and is applicable not merely to a monopoly crop like *ganja* but also to competitive crops like jute or paddy.

It is very fortunate that I can strengthen my plea for the establishment of such societies by the testimony of such experienced co-operators as Messrs. Donovan and Collins. Writing in the *Bengal Co-operative Journal* of September, 1915, Mr. J. T. Donovan observed: "An experience of over two years in an area entirely jute-producing has convinced me that the ryot loses to parasites about three rupees out of ten rupees on his jute. Here is a chance for a co-operative society or group of societies. Co-operation can eliminate all these parasites and give the ryot a far larger profit on his jute." Writing in the same *Journal* for November, 1918, Mr. B. A. Collins observed—"At present the vast majority of ryots satisfy all their needs within their own villages. Either they keep their own seed or take it from their local *mahajans*; such manure as they use comes from their own cattle or the village oil mill, while their implements are the same as those of their remote ancestors. Our organization (*i.e.*, the co-operative organization) with the help of the Agricultural Department has first to create a demand for better things and then to supply it."

In order to hasten and systematise the organization of production and sale of agricultural produce on co-operative lines, the Departments of Co-operation and Agriculture should take early steps to organize a Central Agricultural Wholesale Society in some suitable centre. This subject was thoroughly discussed at a meeting of the Board of the Agricultural Department held in March, 1920, under the presidency of

the Hon'ble Mr. J. G. (Now Sir John) Cumming and the Board unanimously adopted the following Resolution moved by me—"That the Board of the Agricultural Department advise Government to take necessary steps for organizing the production and sale of agricultural produce on co-operative lines; and that, with this end in view, a central agricultural purchase and sale society be organized in some suitable centre by the Departments of Agriculture and Co-operation". In commending this Resolution the "*Statesman*", in its editorial article (March 21, 1920), wrote—"What Mr. Mukerji proposed is a plain and logical development of the credit system—the establishment of societies, local and wholesale, which will enable the ryot to apply his borrowed capital to the best advantage." Since this was written six years have gone by, but "the plain and logical development" is yet to come. Meanwhile my plea has been further strengthened by the deliberations of the "Conference on Agricultural Co-operation in the British Empire" held at Wembley in the last four days of July, 1924. The proceedings of this Conference have been made available in a handy publication entitled "Agricultural Co-operation in the British Empire" with an inspiring introduction by Sir Horace Plunkett. The Indian delegates to this Conference included, among others, the present Registrar of Co-operative Societies, Bengal.

The very first resolution passed unanimously by the Conference runs as follows:—

That a prosperous and progressive agriculture is essential to Empire well-being;

That agricultural prosperity depends fundamentally upon the fulfilment of three conditions—

- (1) The application of scientific knowledge under the guidance of the state to the farming industry;
- (2) The voluntary organization of farmers for business purposes on co-operative basis;
- (3) A reconstruction of social life in the country with a view to removing the disparity between the respective attractions of town and country.

The above resolution struck the keynote of the conference and was only an elaboration of Sir Horace Plunkett's famous formula, "Better farming, Better Business, and Better Living." The acceptance of this general resolution involved that of a more specific character advocating the co-operative marketing of agricultural produce; the resolution adopted unanimously by the Conference runs as follows:—

“ That a complete system of co-operative marketing of agricultural produce involving the group pooling and regulation of supplies is necessary if producers are to secure fair returns from their produce.”

The necessity for co-operative marketing being thus established, every effort should be made to achieve it: difficulties undoubtedly there are—but they must be got over by persistent and continuous effort. I acknowledge with Mr. R. A. Anderson of the I.A.O.S. that “ the successful marketing of agricultural produce on co-operative lines is by far the most difficult problem which confronts the organizers of co-operation. Between the producers and the consumers are interposed numerous agencies, mainly owing their existence to the absence of organized joint action for sale by the former and, to some extent, to the failure to organize a scheme for joint purchase and distribution by the latter. These middle interests are both rich and powerful, and their opposition to any scheme designed to take the business out of their hand will be strenuous”. This difficulty is present in every country and it has been removed by strenuous propaganda and by such benevolent activities of the State as are to be found in those countries, *e.g.*, Canada, where co-operative marketing has proved a success.

The essentials for the successful working of a co-operative trade federation for sale may be summarised as follow—

- (1) A guaranteed supply of the products to be marketed, properly graded and standardised.
- (2) Organised production by local societies of producers.
- (3) A co-operative constitution alike for the local societies and their marketing federation.
- (4) Expert management.

The credit for leadership in the co-operative agricultural purchase and sale movement falls mainly to Denmark where the co-operative movement has been most successful in the organization of societies for the preparation, grading and marketing of produce. The fact that Denmark (like India) is a great exporting country accounts largely for this development. Co-operative dairy societies, bacon factories and egg societies are thus the most notable group in Denmark. But supply societies have also been largely created, and the Danish farmer to-day, through the agency of a supply society, on the one hand, which secures him his requirements, and, on the other hand, through the agency of his selling societies, is able to concentrate his work upon the proper function of cultivating his land and caring for his live-stock.

The Dominion of Canada offers us another example of big achievement in the field of co-operative marketing of agricultural produce. In Canada* Government assistance in co-operative marketing is primarily directed along legislative lines; the various Canadian provinces have from time to time enacted legislation facilitating the formation of co-operative organizations of farm producers for marketing, in some cases, specific products—in other cases, generally every Canadian province has legislation facilitating co-operation organization for marketing purposes among farmers. The outstanding features of such legislation are—(1) easy incorporation, (2) standardisation of methods, and (3) ensuring that the organization when created shall remain co-operative in spirit, and not become an ordinary capitalistic corporation dominated by a majority financial interest. In these organizations the man, the producer, counts rather than the investment of the producer in the capital of the organization. Another form of State assistance that is present in some of the provinces of Canada, and to a very great extent at times in Saskatchewan, is assistance by way of State management in placing upon their feet co-operative organizations for the marketing of specific farm products.

The principle in Saskatchewan with regard to such State management is this: in connection with many of the subsidiary products of the farm products which are not to the farmer of first importance, not his "money crop", it is very difficult to get co-operative organizations to successfully handle such subsidiary products: for that reason they have in the Department of Agriculture a Branch known as the *Co-operation and Markets Branch*. Its object is to respond to appeals from one district or another for information respecting co-operative marketing possibilities in connection with any product of the farm, and to give expert advice to any group of farmers who are imbued with the desire of co-operatively marketing any product. "The work has been very successful", says Mr. Dunning, "but the problem speedily arose, especially in connection with what I call the subsidiary products of the farm, that the products were not of themselves of sufficient importance in the general scheme of things to warrant an organization being erected to handle them especially. For this reason, the method was evolved, that the Co-operation and Markets Branch of the Department of Agriculture would undertake to market that particular product for these

* I am here summarising the very informing speech delivered by the Hon'ble C. A. Dunning (Prime Minister of Saskatchewan) in moving the resolution on Co-operative Marketing.

farmers co-operating for the purpose, not as a permanent undertaking, however, but on the distinct understanding that just as soon as the product assumed a sufficient importance in the eyes of those producing it, and was produced in sufficient volume to allow it to be done, a co-operative organization entirely composed of farm producers should undertake the work of marketing at first done by the Branch of the Department of Agriculture."

That is how the Canadian Wool Growers' Co-operative Association evolved; in Saskatchewan wool was a subsidiary product some years ago, not considered as of any great importance in the general scheme of things. The Co-operation and Market Branch commenced marketing wool co-operatively for farmers; gradually wool production increased, gradually the benefit of co-operation with respect to the marketing of it became known, and now for some four or five years the wool of Saskatchewan is marketed through the Canadian Wool Growers' Co-operative Association. Just as soon as the commodity reached a stage where it was good business to establish a *Co-operative* managed by the farmers themselves who owned the wool, to handle the commodity, that was done and it has gone forward from success to success. The same is the case with the dairy business and the sale of potatoes.

This policy of initial management of co-operative organizations for the sale of agricultural produce has so far proved so great a success that the Government of the Canadian province of Saskatchewan are prepared to continue following that policy indefinitely. It should be remembered in this connection that every dollar of cost in connection with the State management of the co-operative marketing of a commodity in Saskatchewan is charged against the commodity; the producer must stand on his own feet in relation to the enterprise while the State is managing it in exactly the same way as he later must when he is handling it by a co-operative enterprise. Hence State management does not mean that the State is pap-feeding the industry by going into it—not at all.

Next we come to State financial assistance to such co-operative sale organizations. Nothing, of course, is so deadening to the up-building of co-operative organization as the ability to get money from some one other than the co-operators, and it has been the ruin of many co-operative organizations; but, at the same time, in connection with the creation of an organization which requires to own and operate extensive facilities, the matter of providing capital for that purpose has always been a great problem to co-operators. Such a problem presented itself to the producers of wheat in the province of Saskatchewan who

were faced with a large monopolistic sale organization dictating terms to them. After a thorough investigation it was decided to attempt to deal with the matter in Saskatchewan co-operatively on the general principle that if the farmers themselves owned the facilities they would then dictate the manner in which their produce would be handled, and would possess in their hands the most effective instrument against monopolistic tendencies on the part of others. As a result of that the Saskatchewan Co-operative Elevator Company was formed for the purpose of dealing in grain; it was based upon central management with local advice with respect to local conditions. The business of this Company is to build elevators, operate them, and generally engage in the business of grain marketing. Now where does the Government come in? Elevators cost a very great deal of money, and it was decided, after very careful organization, that, provided the farmers in a locality subscribed sufficient of the capital stock of the Company to cover the cost of the facilities which they required at their local point, and paid up in cash 15 per cent. of their subscriptions, the Government should advance to the Company, at the market rate of interest the remaining 85 per cent. of the cost of erecting those facilities (repayable within 20 years), taking mortgage on the uncalled capital stock of the company. Now what is the result of all this? The shareholders now number 25,000; they have 425 country elevators having a storage capacity of 12 million bushels and a large railway terminal elevator of 7½ millions bushel capacity. Since the inception of the Company in 1911 it has handled 335,000,000 bushels of grain. This gigantic co-operative enterprise is an object lesson to Indian co-operators, who have a still further co-operative example in the great co-operative wheat pool joined by over 50,000 Canadian farmers who have bound themselves for five years by contract not to market their wheat anywhere else: this enterprise also is being given a permanent loan of 30,000 dollars.

The Royal Commission on Indian Agriculture will have to investigate into this problem of co-operative purchase of agricultural requisites and sale of agricultural produce in all its bearings, for the prosperity of Indian agriculture depends upon a continuous development of these aspects of co-operation. The Commission will have to enquire into (a) the methods of agricultural production, (b) the possibilities of the co-operative purchase of agricultural requirements, *e.g.*, seeds, manure and implements, (c) the present methods of sale of agricultural produce and the waste involved in them, (d) the difficulties regarding standardization, (e) the institution

of a "Co-operation and Market Branch" of the Departments of Agriculture and Co-operation, (f) the possibilities of co-operative agricultural sale associations and their federation into a Provincial Wholesale Agricultural Purchase and Sale Society, (g) the nature of Government aid (by way of legislation, management or finance) necessary for the development of such societies.

I hope all the above points will fall within the scope of enquiry of the coming Royal Commission and that, as a result of its recommendations, a great impetus will be given to the development of a hitherto neglected, but much needed, branch of the co-operative movement in Bengal and in India.

P. MUKHERJI.



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