Some Economic and Sociological Issues of Cooperative Farming in India

RUSSELL L. LANGWORTHY

Carleton College, Northfield, Minnesota, U.S.A.

Introduction

The evidence that India is in severe agricultural crisis mounts in crescendo. Whether one follows the daily press with its accounts of Indian food riots and the rising tide of Indian food imports, or reads the more technical journals and books concerned with agricultural production and population increase, it becomes clear that Indian agriculture must undergo some major structural changes. Whatever one's theoretical developmental approach, "agriculture first" or "industry first," Indians and foreigners agree that a new tack must be taken in the countryside. An important segment of official Indian opinion holds that cooperative farming is a partial if not total solution to the problem. This article reviews some of the arguments, mainly economic in nature, about cooperative farming and then introduces additional arguments concerned with Indian social structure and social psychology.

The Problem

The structural defects of Indian agriculture are all too clear and very well documented: small size of holdings, fragmentation, poor tenure arrangements, pathological concentration of holdings, low level of husbandry practices, parasitical credit facilities, and discontinuities in the social structure. India has


3 While in India for other reasons the writer was able to visit 17 cooperative farms, 5 in Andhra Pradesh, 6 in Maharashtra and 6 in Punjab, and interview a number of Indians at all levels of the society on the subject. It is not held that the farms visited were a representative sample, since in many cases they could be visited only through official intervention and officials naturally wanted to exhibit their show pieces, and in other cases we deliberately chose farms that had failed; but many of the issues did become clearer in the course of the research project.
less than one acre of land per person, and when the cultivatable land is spread over the agricultural population it averages about 1.5 acres per cultivator. In fact, 40% of cultivating families work a holding of less than 2.5 acres. These small holdings are not in compact units but are spread out over the countryside in "postage stamp" plots creating diseconomies in travel time, "turn around time", irrigation practices, wastage in separating strips, and problems of tenure litigation. Even more serious is the concentration of land. While 40% of the agricultural households had one percent of the total land in their possession, 4% of the households possess nearly 1/3 of the total land. This concentration is aggravated by the asymmetrical relationship between landlord and tenant. The tenant is not free to make decisions on his own but often stands in a semi-feudal relationship to the landlord. Thorner has identified seven types of employer-employee relationship in rural India, and the bulk of Indian "ryots" fall in categories which he describes as characterized by a master-servant relationship. Even when the relationship is a relatively free one, payment is usually in kind and in terms of a fixed percentage of the crop so the tenant has little incentive to increase his yield. Sub-letting is common and there may be as many as 4 individuals interposed between the person who owns the land and the person who actually works it. The intermediaries perform no function whatsoever but get an important percentage of the crop. Interest rates are exorbitant, ranging as high as 50-100%, yet because of social structure considerations, the peasant may not borrow from cheaper sources; he is too frightened to do so since the landlord, money lender, and grain merchant are likely to be one and the same person. Poorly conceived measures designed to protect the tenant have had the unfortunate result of making him even more insecure. Because of these structural features, peasants are unwilling to use improved agricultural practices, even if they know about them; the increased profits from higher yields would be soaked up by the built-in blotters of the system. Therefore yields of basic crops remain 1/3 to 1/2 of what they might be if simple agricultural practices such as improved seed, more precise sowing, more fertilizer and irrigation, were used.

4 As Lewis points out, "For a given improvement to be worthwhile at the margin to the farmer it must yield twice as much if the rent is one-half as it would have to yield if the rent were a fixed amount." S. A. Lewis, Economics of Growth. London, 1955. p. 23. Quoted in Raj Krishna, "Some Aspects of Land Reform and Economic Development in India," in W. Froehlich, Ed., Land Tenure, Industrialization and Social Stability. Milwaukee: Marquette U. Press, 1961.
5 Lewis, op. cit. Ch. 6. Thorner, op. cit. p. 9.