

## Cooperatives and an Overview of Land Reforms

### Cooperatives

A wide spectrum of the national movement's leaders including Mahatma Gandhi, Jawaharlal Nehru, the Socialists and Communists were agreed that cooperativization would lead to major improvement in Indian agriculture and would particularly benefit the poor. Cooperativization was therefore seen as an important element in the agenda for institutional changes sought to be achieved through land reform. However, as in the case of the land ceiling issue, there was no general consensus, particularly among the peasantry, on the question of cooperatives. Correctly reflecting this situation, the Congress at independence made very tentative proposals—like the state making efforts to organize '*pilot schemes for experimenting with cooperative farming among small holders on government unoccupied but cultivable lands*'<sup>1</sup> Further, it was clarified that any move towards cooperativization was to be through persuasion, by getting the goodwill and agreement of the peasantry. No force or compulsion was visualized.

The recommendations in July 1949 of the Congress Agrarian Reforms Committee, called the Kumarappa Committee after its chairman, showed the first signs that the Congress could push beyond the existing consensus. The committee recommended that 'the State should be *empowered to enforce* the application of varying degrees of cooperation for different types of farming. Thus, while the family farmer *will have* to make use of the multipurpose cooperative society for marketing, credit, and other matters, the below-basic holder (i.e., peasant with small uneconomic holding) *will have* to cultivate his farm jointly with such other holders'<sup>2</sup> For the first time there was a suggestion of compulsion being used to promote cooperatives and the committee assumed the '*gradualness of the programme, intelligent propaganda, liberal state aid and its judicious implementation by a specially trained cadre would to a great extent reduce the psychological hesitation of the farmer to take to the co-operative patterns recommended by the committee*'<sup>3</sup> This was a hasty assumption, as later events were to show.

The First Plan approached the issue more judiciously and recommended that small and medium farms in particular should be *encouraged and assisted* to group themselves into cooperative farming societies. The Plan did not talk of any enforcing powers to the state though it did envisage some amount of compulsion when it suggested that if majority of the owners and occupancy tenants in a village, owning at least half the land of the village, wished to enter upon cooperative management of the land of the village, then their decision should be binding on the village as a whole.

The early planners had hoped that the village panchayat activated by motivated party workers and aided by the trained workers of the newly launched Community Development programme (in October 1952) would not only help implement rural development projects but would help bring about critical *institutional changes* in Indian agriculture, for example, by assisting in the

implementation of land reforms, by organizing voluntary labour for community work and by setting up of cooperatives. Further, there was a high and growing level of expectation, in the initial years, regarding how much such institutional changes, particularly cooperativization, would substitute for investment outlay in agriculture, in achieving the planned targets of rapid increases in agricultural production.

The Second Plan reflected this expectation by declaring that 'the main task during the Second Five Year Plan is to take such essential steps as will provide sound foundations for the development of cooperative farming so that *over a period of ten years or so a substantial proportion of agricultural lands are cultivated on cooperative lines*'.<sup>4</sup> However, even the ambitious plan (considering that no coercion was envisaged) of having a 'substantial' proportion of agricultural lands under cooperatives within ten years soon appeared to be too modest once exaggerated reports started pouring in of the dramatic increases in agricultural output achieved by China through measures such as cooperativization. (It was many years later, after Mao's death in 1976, that this myth was destroyed. By one estimate, China's agricultural growth rate between 1954 and 1974 was only 2 per cent, which was actually lower than India's, which was 2.5 per cent.)

In the middle of 1956 two Indian delegations (one of the Planning Commission, the other of the Union Ministry of Food and Agriculture), consisting of leaders of the cooperative movement in India, MPs, bureaucrats involved with cooperatives, technical experts and planners, were sent to China to study how they organized their cooperatives and achieved such rapid increases in agricultural output. Underlying these visits was the feeling that the targets of agricultural growth envisaged by the Second Plan were inadequate and required an upward revision and the Chinese experience could show how these targets could be achieved without significant increases in outlay.

The two delegations arrived at quite similar conclusions. It was reported that China had achieved remarkable increases in foodgrain production and extension of the agricultural infrastructure through cooperativization. They both recommended (barring the minute of dissent by two members of one committee) a bold programme of extending cooperative farming in India. Jawaharlal Nehru, who was deeply committed to the idea of cooperativization, started putting pressure on the states to emulate the Chinese example and commit to higher food production on the basis of institutional changes in agriculture, that is, without demanding additional funds for investment in agriculture. The National Development Council and the AICC now set targets even higher than the one envisaged by the Second Plan, proposing that in the next five years agricultural production be increased by 25 to 35 per cent if not more, mainly by bringing about major institutional changes in agriculture such as cooperativization. The states, however, resisted any large-scale plan for cooperativization, agreeing only to experiments in cooperative farming and that too if they remained strictly voluntary.

The Congress under Nehru's persuasion continued to mount pressure in favour of an agricultural strategy based critically on institutional change. The Congress pressure culminated in the famous Nagpur Resolution passed at the party's Nagpur session in January 1959. The Nagpur Resolution clearly stated that 'the organisation of the village should be based on village

panchayats and village cooperatives, both of which should have adequate powers and resources to discharge the functions allotted to them'. Further, the Resolution stated:<sup>5</sup>

The future agrarian pattern should be that of *cooperative joint farming*, in which the *land would be pooled for joint cultivation*, the farmers continuing to retain their property rights, and getting a share of the net produce in proportion to their land. Further, those who actually work on the land, whether they own the land or not, will get a share in proportion to the work put in by them on the joint farm.

As a first step, prior to the institution of joint farming, service cooperatives should be organised throughout the country. This stage should be completed within a period of three years. Even within this period, however, wherever possible and generally agreed to by the farmers, joint cultivation may be started.

A big leap was involved here. Not only did the Nagpur Resolution visualize an agrarian pattern based on joint cooperative farming in the future, it specified that such a pattern was *to be achieved within three years*. The proposal for introducing cooperatives, which was being made since the mid-1940s, could no longer be treated as just another radical recommendation with no concrete programme for its implementation. A wave of opposition, both within and outside the Congress, followed this recommendation.

The press and parliament, which was convened shortly after the Nagpur session, argued that the Resolution was the first step towards ending private property and eventual expropriation of the landed classes and that it would lead to forced collectivization on the Soviet or Chinese pattern. From within the Congress party senior leaders like C. Rajagopalachari, N.G. Ranga and others like Charan Singh mobilized opinion in the party and outside and mounted an open attack saying that a totalitarian, Communist programme was being thrust upon the country.

Faced with serious division within the party, Nehru struck a conciliatory note, assuring parliament in February 1959 that there was no question of using any coercion to introduce cooperatives and that no new law or act was going to be passed by parliament on this question. He only reiterated his personal conviction that cooperative farming was desirable and that he would continue to try and convince the peasants, without whose consent the programme could not be implemented.

The Chinese repression in Tibet in March 1959, and more so the Chinese encroachments inside the Indian border a few months later, were not only a personal loss of face and prestige for Nehru but also made any plan which smacked of the China model automatically suspect and very difficult to push publicly. A further retreat became inevitable and the Congress put forward a position in parliament which essentially argued for setting up '*service cooperatives*' all over the country over the next three years and left the issue of setting up cooperative farms sufficiently vague. Cooperative farms were to be set up *voluntarily* wherever conditions became mature.

The Congress was aware that even the task of setting up service cooperatives all over the country in three years was a gigantic effort requiring the setting up of 6,000 new cooperatives every month for a period of three years! The AICC decided to establish a training centre for

Congress workers who would play a key role in organizing service cooperatives, and the PCCs were directed to do the same. The provincial Congress leaders simply ignored the directive and despite the efforts of the Congress president, Indira Gandhi, the AICC training programme did not get off the ground and was eventually altogether abandoned after June 1959.

The Third Plan, in sharp contrast to the Second, reflected the mellowed position regarding cooperativization and took a very pragmatic and cautious approach. As regards cooperative farming, it accepted a modest target of setting up ten pilot projects per district. At the same time it put in the caveat that 'cooperative farming has to grow out of the success of the general agricultural effort through the community development movement, the progress of cooperation in credit, marketing, distribution and processing, the growth of rural industry, and the fulfillment of the objectives of land reform'.<sup>6</sup> This sounded like a wishful platitude not a plan of action.

### **Limitations of Cooperativization**

Given the policy stalemate reached, it is not surprising that the progress that the cooperative movement made in India by and large fell far short of the goals set by its early proponents. Most of the weaknesses that Daniel Thorner, the noted economist, had observed during his survey of 117 of the 'best' cooperatives all over India between December 1958 and May 1959 remained largely true in the years to come. Another economist and observer of India's land reforms, Wolf Ladejinsky, made similar observations for the 1960s and 1970s.

As for joint farming, two types of cooperatives were observed. First, there were those that were formed essentially to evade land reforms and access incentives offered by the state. Typically, these cooperatives were formed by well-to-do, influential families who took on a number of agricultural labourers or ex-tenants as bogus members. Forming a cooperative helped evade the ceiling laws or tenancy laws. The influential members got the lands tilled by the bogus members who were essentially engaged as wage labour or tenants. Moreover, forming these bogus cooperatives enabled the influential families to take advantage of the substantial financial assistance offered by the state in the form of a subsidy, as well as get priority for acquiring scarce agricultural inputs like fertilizers, improved seeds and even tractors, etc.

Second, there were the state-sponsored cooperative farms in the form of pilot projects, where generally poor, previously uncultivated land was made available to the landless, Harijans, displaced persons and such underprivileged groups. The poor quality of land, lack of proper irrigation facility, etc., and the fact that these farms were run like government-sponsored projects rather than genuine, motivated, joint efforts of the cultivators led them to be generally expensive unsuccessful experiments. The expected rise in productivity and benefits of scale, which is a major *raison d'être* of cooperative farming, was not in evidence in these farms.

In any case, the hope that the service cooperatives would facilitate the transition to cooperative farming was completely belied. Cooperative farming had spread to negligible levels beyond the government projects and the bogus cooperatives.

The service cooperatives, which fared much better than the farming cooperatives, also

suffered from some major shortcomings. To begin with, the service cooperatives not only reflected the iniquitous structure of the Indian countryside but also tended to reinforce it. Typically, the leadership of the cooperatives, that is, its president, secretary and treasurer, consisted of the leading family or families of the village which not only owned a great deal of land but also controlled trade and moneylending. These well-to-do families, the 'big people' or the 'all in alls' of the village, were thus able to corner for themselves scarce agricultural inputs, including credit. In fact, quite often, low interest agricultural credit made available through cooperative rural banks was used by such families for non-agricultural businesses, consumption and even moneylending! It was a case of public subsidy being used by a non-target group for private investment. To the extent that Congress and other political formations with similar objectives, viz., the Socialists and the Communists, failed to use the political space provided at the grassroots level by the panchayats, the Community Development programme and the cooperatives in favour of the underprivileged in the countryside, by mobilizing them into action, these institutions were taken over by the dominant sections in the village, who used them to further buttress their economic and political influence.

The village poor, the landless, got little out of these institutions in the early years. An example at hand is the constant refusal to implement the elaborate recommendation made by the Reserve Bank of India (RBI) in 1954 that rural credit cooperatives were to give credit to the cultivator as the producer of a crop and not as the owner of land. This refusal of the cooperatives to issue 'crop loans' or loans in anticipation of the crop being produced, and their insisting on credit being given against land as security, meant that the landless were essentially excluded from this scheme. In 1969, the RBI observed that tenant cultivators, agricultural labourers and 'others' secured only 4 to 6 per cent of the total credit disbursed. The report of the All India Credit Review Committee, 1969, and the Interim Report on Credit Services for Small and Marginal Farmers produced by the National Commission on Agriculture, 1971, confirmed the virtual exclusion of the landless and added that the small and marginal farmers were also at a considerable disadvantage vis-à-vis the bigger cultivators in accessing credit from the cooperatives and even from the nationalized banks. As we shall see presently, it required a special targeting of these groups through programmes like the Marginal Farmers and Agricultural Labourers (MFAL) Scheme and the Small Farmers Development Agency (SFDA) under the broad rubric of the *garibi hatao* campaign launched by Indira Gandhi, for this bias to be considerably mitigated.

A common shortcoming of the cooperative movement was that instead of promoting people's participation it soon became like a huge overstuffed government department with officials, clerks, inspectors, and the like, replicated at the block, district, division and state levels. A large bureaucracy, generally not in sympathy with the principles of the cooperative movement and quite given to being influenced by local vested interests, instead of becoming the instrument for promoting cooperatives, typically became a hindrance.

Yet, over time, the service cooperatives, particularly the credit cooperatives, performed a critical role for Indian agriculture. After all, while in 1951-52, the Primary Agricultural Credit Societies (PACS), which were village-level cooperative societies, advanced loans worth only about Rs 23 crore (Rs 230 million), in 1960-61 about 212,000 such societies disbursed nearly Rs

200 crore (Rs 2 billion). By 1992–93, these societies were lending as much as Rs 4,900 crore (Rs 49 billion).

As Table 30.1 shows, in 1951–52, cooperatives supplied only 3.3 per cent of the credit requirements of the cultivator, whereas by 1981 they supplied nearly 30 per cent. It is found that in 1951 the cultivator was dependent on non-institutional and generally rapacious sources of credit such as the money lender, trader or landlord for 92.7 per cent of his credit requirements. By 1981, however, low-cost institutional credit looked after over 63 per cent of the cultivator's requirements. Nearly 30 per cent was met by the cooperatives and another nearly 30 per cent was met by commercial banks which, after their nationalization in July 1969 by Indira Gandhi, were prevailed upon to provide credit to agriculture on a priority basis.

**Table 32.1: Different Sources of Credit for the Cultivator, 1951–1981**  
(figures in per cent)

	1951–52	1971	1981
Moneylender, trader, landlord, etc.	92.7	68.3	36.8
Cooperatives	3.3	22.0	29.9
Commercial banks	0.9	2.6	29.4
Government	3.1	7.1	3.9

*Source: All India Debt and Investment Survey, 1961–62, 1981. (Cited in Ruddar Datt, et.al., Indian Economy, p. 469.)*

The cooperative credit societies, however, suffered from a major drawback, that of failure to repay loans and, consequently, a very large percentage of overdues. Between 1960 and 1970, overdues of the primary societies rose from 20 to 38 per cent of the credit disbursed. The situation continued to deteriorate with the all-India average of overdues rising to 45 per cent in the mid-1970s and many provinces reaching totally unviable figures, like 77 per cent in Bihar. Quite significantly, it has been observed that the defaulters were not necessarily the poor and small farmers but more often the well-to-do ones. With the growing political and economic clout of the well-to-do peasant, the problem of overdues had reached dangerous proportions, affecting the viability and growth rate of rural credit institutions. Populist measures like the decision of V.P. Singh's National Front government in 1990 to write-off all rural debts up to Rs 10,000 not only put a heavy burden on the national exchequer but further eroded the viability of rural credit institutions.

As already mentioned, a larger proportion of cooperative and bank credit started becoming

available, particularly to the small and marginal farmers in the 1970s. In 1979–80 about 34 per cent of the short-term loans given by scheduled commercial banks went to households holding less than 2.5 acres, when such households constituted only 33 per cent of the total households. Similarly, 57 per cent of such loans went to households owning up to 5 acres, while the proportion of households in that category was only 49 per cent. No longer was institutional rural credit the preserve of the rural elite. Policy initiatives were to follow which led to the rural banks giving a much higher proportion of the credit to the weaker sections. As for the cooperatives (PACS), those with holdings up to 5 acres received 34 per cent of the credit and those holding above 5 acres received 62 per cent. The situation of the landless, however, remained the same: only 4 per cent of the credit went to them.<sup>7</sup>

It is thus evident that service cooperatives had started to play a very important role in rural India. Their role in making available a much increased amount of cheap credit to a wider section of the peasantry was critical. They not only helped in bringing improved seeds, modern implements, cheap fertilizers, etc., to the peasants, they also provided them with the wherewithal to access them. And, in many areas they also helped market their produce. In fact, in many ways they provided a necessary condition for the success of the Green Revolution strategy launched in the late 1960s, which was based on intensive use of modern inputs in agriculture. It is not surprising then that Wolf Ladejinsky, who was fully aware of all the shortcomings of the cooperative movement in India, was to record in his annual note to the World Bank in May 1972: 'Millions of farmers have benefited from them (cooperatives) and rural India without this landmark is hard to visualise.'<sup>8</sup>

### **Milk Cooperatives: Operation Flood**

The story of the cooperative movement in India, however, cannot be complete without a description of the most successful experiment in cooperation in India, which was a class apart from any other effort of the kind. This experiment, which started modestly in Kaira (also called Kheda) district of Gujarat eventually became the harbinger of the 'White Revolution' that spread all over India. Here, space permits only a brief description of the Anand experiment.<sup>9</sup>

Peasants of Kaira district, which supplied milk to the city of Bombay, felt cheated by the milk traders and approached Sardar Patel, the pre-eminent nationalist leader, who hailed from this district, for help. At the initiative of Patel and Morarji Desai, the farmers organized themselves into a cooperative union and were able to pressurize the Bombay government, albeit with the help of a 'milk strike', to buy milk from their union. Thus, the Kaira District Cooperative Milk Producers' Union Ltd, formally registered in December 1946, started modestly in Anand, a small town on the highway between Ahmedabad and Baroda, supplying 250 litres of milk every day.

The Gandhian freedom fighter Tribhuvandas K. Patel, who patiently roamed the villages on foot to persuade farmers to form milk cooperatives, became the first chairman of the union in January 1947 and continued to be elected to this position for over twenty-five years. Dr Verghese Kurien, the brilliant engineer from Kerala and later the heart and soul of the White Revolution in

India, was the celebrated and proud employee of the Kaira farmers, and the chief executive of the union from 1950 to 1973, though he has continued his close association with the union till today. The union, which started with two village cooperative societies with less than a hundred members each, by 2000 had 1,015 societies with 574,000 members. From 250 litres of milk a day, it was by then handling nearly 1 million litres of milk a day and had an annual turnover of Rs 487 crore or Rs 4.87 billion.

In the process of this rapid growth, the union greatly diversified its activities. In 1955, it had set up a factory to manufacture milk powder and butter, partly to deal with the problem of the greater yields of milk in winter not finding an adequate market. The same year the union chose the name of 'Amul' for its range of products. This was a brand name which was to successfully compete with some of the world's most powerful multinationals like Glaxo or Nestle and soon become a household word all over India.

In 1960, a new factory was added which was designed to manufacture 600 tonnes of cheese and 2,500 tonnes of baby food every year—the first in the world to manufacture these products on a large commercial scale using buffalo milk. In 1964, a modern plant to manufacture cattle feed was commissioned. Over time, sophisticated computer technology was used by the union to regularly, even daily, do a cost-benefit analysis of the prices of the various inputs which go into cattle feed and their nutritional value to arrive at the 'optimum' mix of the balanced feed concentrate which was made available to the farmers. In 1994-95 the union sold 144,181 tonnes of cattle feed through its branches.

Any community development work necessarily involves an integrated approach. The Kaira Cooperative Union was a model case of how the union's own activities kept expanding, and how it spawned other organizations, bringing within its scope wider and wider areas of concern to the ordinary peasant. An efficient artificial insemination service through the village society workers was introduced so that the producers could improve the quality of their stock. In 1994-95, about 670,000 such inseminations were performed through 827 centres. A 24-hour mobile veterinary service with twenty-nine vehicles fitted with radio telephones was available to the farmers at nominal cost. Cattle owned by cooperative members were provided with insurance cover should anything happen to this major source of their livelihood. High quality fodder seeds for producing green fodder were made available. Even manufacture of vaccines for the cattle was started, again taking on multinational pharmaceutical companies in a struggle over turf which had all the ingredients of a modern thriller. A regular newsletter was published in an effort to educate the peasants about modern developments in animal husbandry. A special effort was made to educate women who generally looked after the animals in a peasant household. At the other end of the spectrum, an Institute of Rural Management (IRMA) was founded in Anand for training professional managers for rural development projects, using the Amul complex and the Kaira Cooperative as a live laboratory. As the 'Anand Pattern' gradually spread to other districts in Gujarat, in 1974, the Gujarat Cooperative Milk Marketing Federation Ltd, Anand, was formed as an apex organization of the unions in the district to look after marketing.

The existence of the cooperative had considerably improved the standard of living of the villagers in Kaira district, particularly the poor farmers and the landless. According to one

estimate, as a result of the activities of the cooperative, nearly 48 per cent of the income of the rural households in Kaira district came from dairying. Some of the profits of the cooperative also went to improve the common facilities in the village including wells, roads, schools, etc.

A crucial feature of the cooperative movement associated with the 'Anand Pattern' was the democratic mode of functioning of the cooperatives, with a conscious effort being made by the management to keep its ear to the ground and not overlook the interest of the humblest of the cooperative members including the 'low' caste and the landless. In fact, the structure of the cooperative was such that it involved the direct producer in the planning and policy-making process. The only necessary condition for membership of a village cooperative society was of being a genuine primary milk producer who regularly supplied milk to the cooperative. The villager, irrespective of caste, class, gender or religion who queued up at the milk collection centre of the cooperative in the village, day after day, to sell milk and collect the payment for the sale made on the previous occasion *typically had one or two buffaloes*, not large heads of cattle like the big landlords. In fact, by one estimate, one-third of the milk producers were landless.

It is such producers who became members of the cooperative with a nominal entrance fee of Re 1 and the purchase of at least one share of Rs 10. The members would elect a managing committee by secret ballot with each member having one vote irrespective of the number of shares owned by him. The committee would elect the chairman and work for the cooperative in an honorary capacity. The work of the committee involved policy formulation and supervision while paid staff was employed for the routine work of the cooperative. The chairman, along with a third of the committee by rotation, would retire every year and fresh elections would be held. The elections were eagerly contested with very high polling figures, reaching even up to 99 per cent. The district-level union managed by a twelve-member board of directors had six members elected from among the chairmen of the village societies. The board would elect a chairman annually *from among the village representatives* and appoint a managing director who in turn would appoint supporting professionals etc. This cooperative was unique in effectively combining the initiative and control of the direct producer with the use of modern technology and the hiring of the most advanced professional help, managerial, technical or scientific, that was available in the country. The structure of the cooperative engendered such a combination.

The Kaira Cooperative success made the movement's spread to the rest of the country inevitable. In 1964, Lal Bahadur Shastri, the then prime minister of India, wrote to the chief ministers of all the states about the proposed large programme to set up cooperative dairies on the 'Anand Pattern'. To perform this task the National Dairy Development Board (NDDB) was created in 1965 at his initiative. Kurien with his proven dynamism was to be at its helm as its honorary chairman, proudly continuing to draw his salary as an employee of the Kaira milk producers. At his insistence the NDDB was located in Anand and not in New Delhi and acquired a structure not of yet another inefficient government department but one which was more suitable to its objectives. Drawing heavily from the Kaira Union for personnel, expertise and much more, the NDDB launched 'Operation Flood', a programme to replicate the 'Anand Pattern' in other milksheds of the country. By 1995 there were 69,875 village dairy cooperatives spread over 170 milksheds all over the country with a total membership of 8.9 million farmers. Though the

expansion was impressive, yet, by one estimate, Operation Flood represented only 6.3 per cent of total milk production and 22 per cent of marketed milk in India. The potential for further expansion thus remains immense.

A study done by the World Bank (evaluation department) of Operation Flood details how the effort to replicate the 'Anand Pattern' paid rich dividends. A brief summary of the findings of this study show how the complex multi-pronged benefits, similar to those achieved in Gujarat, now spread to other parts of the country.<sup>10</sup>

First, the obvious impact of Operation Flood was the considerable increase in milk supply and consequent increase in income of the milk producers, particularly the poor. While national milk production grew at 0.7 per cent per annum till 1969, it grew at more than 4 per cent annually after the inception of Operation Flood. 'In constant (1995) Rs., the annual payment by the cooperative system (to) dairy farmers has risen from Rs. 2.1 billion in 1972 to Rs. 34 billion in 1995.<sup>11</sup> Further, village-level enquiries showed that dairying was increasingly becoming an important activity of the farmer and in some cases becoming the main source of income, particularly among the poor. It was estimated that '*60 per cent of the beneficiaries were marginal or small farmers and landless*', and it was further stated that 'the extent to which such benefits (were) reaching the extremely poor and needy ( destitute, widows, landless, and near landless) in certain "spearhead" villages (was) unusually noteworthy'.<sup>12</sup> Milk cooperatives thus proved to be a significant anti-poverty measure.

In this connection, the World Bank report highlighted an important 'lesson' learnt from Operation Flood, a lesson with major politico-economic implications. The 'lesson' was that 'by focusing a project on a predominant activity of the poor, "*selfselection*" is likely to result in a major portion of the beneficiaries being poor' thus reaching 'target' groups which generally prove 'elusive to reach in practice'.<sup>13</sup> Further, it may be added the Anand-type milk cooperatives reached the poor irrespective of caste, religion or gender, without targeting any of these groups specifically. Similar objectives were met by the Employment Guarantee Scheme (EGS) first launched in rural Maharashtra in the mid-1970s, followed by a few other states including Andhra Pradesh. The chief beneficiaries of this scheme were the landless who were predominantly from among the Scheduled Castes or Scheduled Tribes, that is, they got 'self-selected', though the scheme did not exclusively target these groups. Such programmes had the important advantage of reaching certain deprived sections without exclusively targeting them. This prevented an almost inevitable opposition or even a backlash among the groups excluded, which has so often been witnessed in schemes in India as well as in other countries, such as the US, where benefits were sought to be given exclusively to a particular community or group.

Second, as in the case of Anand, the impact of the milk cooperatives and Operation Flood went way beyond just increase in milk supply and incomes. As the World Bank study reported, 'A by-product impact of Operation Flood and the accompanying dairy expansion has been the establishment of an indigenous dairy equipment manufacturing industry (only 7 per cent of dairy equipment is now imported) and an impressive body of indigenous expertise that includes animal nutrition, animal health, artificial insemination (AI), management information systems (MIS),

dairy engineering, food technology and the like.' The indigenization of the infrastructure and technology and the training of rural labour for performing a wide range of technical functions is said to have considerably lowered costs, making it possible to procure and account for minute quantities of milk brought in by the producers, without raising costs to an unviable level.

Third, Operation Flood spread and even intensified the impact of the milk cooperatives on women and children and on education. Realizing the potential of empowering women through this movement, Operation Flood in cooperation with NGOs like the Self-Employed Women's Association (SEWA), established about 6,000 women dairy cooperative societies (WDCS) where only women were members and the management committees also were constituted exclusively of women. These cooperatives were seen to be generally more efficiently run than male-dominated cooperatives. They gave women greater control over their lives through the milk income accruing to them and also enabled them to participate in decision-making outside their homes, giving full play to their managerial and leadership potential. Further, field-level observation showed that the milk income in the poorer villages often made it possible for children to attend school, while in better-off villages it contributed to children staying in school longer, that is, it reduced the dropout rate. In still wealthier villages, where all children went to school, a part of the earning of the cooperative was used to improve the facilities in the local school. The field surveys also confirmed that increased school attendance for girls was perceived as a very common effect of the dairy cooperative societies. Greater family income and the woman involved in dairying being able to stay at home instead of going out for wage labour relieved children from having to earn a wage or look after household chores. Instead, they attended school.

The spread of the 'Anand Pattern' was not to be limited to milk Cooperatives for fruits and vegetable producers, oilseeds cultivators, small-scale salt makers and tree growers were started at the initiative of the NDDDB. Again the Kaira Union provided the technology as well as the trained personnel to help this process. Often the resistance from vested interests, particularly the powerful oilseeds traders, was vicious. In some regions of the country, the NDDDB team which tried to make the initial moves towards setting up cooperatives was threatened with physical violence and there were cases where workers died in 'mysterious' circumstances. Yet, the movement has progressed. In many parts of the country cooperative outlets of fruits and vegetables are beginning to be as common as milk outlets. The 'Dhara' brand of vegetable oils, a child of the NDDDB effort, is beginning to represent in the area of vegetable oils what 'Amul' does in the area of milk and milk products.

This has been one of the major achievements of post-independence India. The search for cooperatives led to Indian delegations going to China in the mid-1950; today scores of countries send delegations to India to study and learn from the Anand experience. An indication of the impact this experiment had at the grassroots level was the statement made to the present authors by a poor farmer in a village near Anand in 1985, 'Gujarat is fortunate to have one Kurien; if only God would give one Kurien to every state, many of India's problems would be solved.'

This poor Gujarat peasant who in his personalized way was trying to explain to us the magnitude of the success of this experiment with reference to Kurien, a Syrian Christian from

Kerala, will surely feel out of tune with the Hindu communal upsurge his state witnessed in early 1999, where Christians were hounded and attacked, their religion presumably making them anti-national!

## **Land Reforms: An Overview**

India witnessed the unique phenomenon of wide-ranging land reforms being implemented within a modern democratic structure without any violence or use of authoritarian force. There was no forced collectivization as in the Soviet Union or forcible expropriation of land and pushing of peasants into communes as in China, processes that had cost millions of lives. Nor was there any external army of occupation undertaking the task of land reforms among a defeated people as in Japan. India had to attempt this task with adult franchise, full civil liberties to the Opposition and an independent judiciary. Yet, basing itself on the heritage of long, powerful national and peasant movements, independent India successfully transformed the colonial agricultural structure (with all its semi-feudal characteristics) which it had inherited. The legacy of nearly half a century of agrarian stagnation was reversed. Institutional and infrastructural changes were put in place, which were to enable the bringing in of modern, progressive or 'capitalist' farming in more and more parts of the country with the ushering in of the next phase, that of technological reforms associated with the Green Revolution.

Large, semi-feudal, rapacious landlords rack-renting the peasantry as well as extracting illegal cesses in cash, kind or labour (begar) had by and large become a thing of the past. State demand from the peasant, the other major burden on the agriculturist, also gradually virtually disappeared. Many states scrapped land revenue. Elsewhere the real value of land revenue fell sharply as agricultural prices rose steeply while the land revenue rates remained constant for decades. While in the colonial period the burden of land revenue was very high, often adding up to half the net income from agriculture, it gradually declined to negligible levels, below 1 per cent of the net income from agriculture. The stranglehold of the moneylender over the peasantry was also considerably weakened with the growing availability of cooperative and institutional credit. Loans advanced by such institutions increased from Rs 0.23 billion in 1950–51 to Rs 3.65 billion in 1965–66 and Rs 7.75 billion in 1972–73. This credit was becoming increasingly available to the poorer sections. Gradually, but surely, democracy, the poorest having an equal vote, kept the pressure on the government as well as the rural elite (for their political survival) to try and reach benefits to the lower sections of the peasantry. The resources available to the peasantry as a whole for agricultural improvement thus increased significantly.

The motivation or incentive for agricultural improvement was now present among a much wider section of the agrarian classes. Large numbers of zamindars and jagirdars who were formerly absentee landlords now took to modern capitalist farming in the lands that they could retain for personal cultivation. Similarly, the tenants and sharecroppers who either got ownership rights or security of tenure were now prepared to make far greater investment and improvements in their lands. The landless, who received ceiling-surplus or bhoodan lands or previously unoccupied government land distributed in anti-poverty programmes, were ready to put in their best into lands which they could now, typically for the first time, call their own. As discussed

earlier, the cumulative effect of the various land reform measures in creating progressive cultivators, making investments and improvements in productivity was considerable, on a national scale.

Further, the state, instead of extracting surplus from agriculture, as in the colonial period, now made major efforts at agricultural improvement. Community Development projects were started in rural areas and Block Development Officers (BDOs), Agricultural Extension Officers and Village Level Workers (VLWs) became a routine feature in hundreds of thousands Indian villages, trying to inculcate improved farming methods, supply seeds and implements, promote small-scale public works and so on. Major investments were made in scientific agricultural research, irrigation projects, electricity generation, and general infrastructure. Availability of chemical fertilizers increased from 73,000 tonnes of nutrient in 1950–51 to 784,000 tonnes in 1965–66 and 2,769,000 thousand tonnes in 1972–73. All this had a major impact on agriculture. As Daniel Thorner, one of the keenest observers of Indian agriculture since independence, noted:<sup>15</sup>

It is sometimes said that the (initial) five-year plans neglected agriculture. This charge cannot be taken seriously. The facts are that in India's first twenty-one years of independence more has been done to foster change in agriculture and more change has actually taken place than in the preceding two hundred years.

The results speak for themselves. During the first three Plans (leaving out 1965–66, the last year of the Third Plan) Indian agriculture grew at an annual rate of over 3 per cent. This was a growth rate 7.5 times higher than that achieved during the last half century or so of the colonial period—the rate of growth between 1891 and 1946 being estimated as only 0.4 per cent per year. Further, the growth rate achieved during the first three Plans was a function not only of extension of area but also of increases in yields per acre, nearly half the agricultural growth was explained by the latter. Also, the agricultural growth achieved in this period was higher than what was achieved by many other countries in a comparable situation. For example, Japan achieved a growth rate of less than 2.5 per cent between 1878 and 1912 and an even lower growth rate after this till 1937.

It is generally agreed that as a result of land reform in India, self-cultivation became the predominant form of cultivation in most parts of the country. Moreover, over time, the vast mass of owner cultivators were small and medium farmers. By one estimate, by 1976–77, nearly 97 per cent of the cultivators had operational holdings of less than 25 acres and they operated 73.6 per cent of the total area. (86.9 per cent of the cultivators had operational holdings of 10 acres or less and they operated 43.4 per cent of the total area.) On the other hand, along with this vast mass there were the large landowners operating above 25 acres, though they constituted only 3 per cent of the holdings and 26.2 per cent of the operated area. Further, the share of the large landowners, both in the proportion of holdings and area controlled, kept declining steadily over time.<sup>16</sup> Very large estates of over 100 acres were very few and rare, and they were generally run on modern capitalist lines. The picture that emerged was remarkably similar to what Ranade had envisaged several decades earlier.

However, the problem of the landless (India, unlike most other countries, had through the caste

system inherited a large category of landless since ancient times) or the near landless, constituting nearly half the agricultural population has persisted. The high rate of population growth and the inability of the industrialization process to absorb a greater proportion of the agricultural population has made it difficult to deal with this situation. Providing agricultural land to all the landless is not, and perhaps never was, a politically or economically viable solution in Indian conditions. (After all, even West Bengal with a Communist government for decades has never taken up seriously the question of land to the tiller, the major 'success' there being limited to getting security of tenure for about half the sharecroppers or bargadars.) Efforts at improving the working conditions of the landless and providing them with non-farm employment in rural areas have had uneven results in various states and have left much to be desired in large parts of the country.

The effort at cooperative joint farming failed as one way of solving the problems of rural poverty, inequity and landlessness. Other efforts aimed at the underprivileged in the countryside were often appropriated by the relatively better off. Despite Nehru, despite the Avadi session (1955) adoption of 'Socialistic Pattern of Society' as the objective of the Congress (and its inclusion in the Directive Principles of the Constitution of India), despite the Nagpur Congress recommendations, Indian agriculture did not move in the direction of socialism. Again, as Daniel Thorner put it very succinctly, 'To the extent that the Government of India ever intended to— (introduce) socialism in the countryside, we may say that it has been no more successful in that direction than was the British regime in introducing capitalism.'<sup>17</sup> Perhaps, it is possible now with more information available on the fate of the disastrous Soviet and Chinese attempts to introduce socialism in agriculture to ask whether this was not a lucky 'failure' ensured by the democratic nature of the Indian political system. Yet, independent India did succeed in essentially rooting out feudal elements from Indian agriculture and put the colonial agrarian structure that it inherited on the path of progressive, owner cultivator-based capitalist agricultural development; a development the benefits of which trickled down to the poorer sections of the peasantry and to some extent even to agricultural labourers.

The considerable progress made in the early years was, however, inadequate for the growing needs of the country. The rapid rise of population at about 2.25 per cent per annum after independence, the rise in per capita income, the attempt at rapid industrialization in a hothouse manner, two major wars with neighbours, all put demands on Indian agriculture difficult to meet. Import of foodgrains kept rising, from 12 million tonnes during the First Plan to 19.4 and 32.2 million tonnes during the Second and Third Plans respectively. On the basis of the institutional reforms already completed and the major infrastructural investments made the country was by the mid-1960s poised for the next phase of agrarian breakthrough, the Green Revolution, based on technological reforms.