Managing Co-operative Farming: A Case of Gambhira Collective Farming Society

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Indian Agriculture and Farmer

- India achieved self sufficiency in food production. However, the condition of producer has not changed significantly
- Farmers committing suicides
- Average size of holdings has decreased 2.3 ha in 1970-71 to 1.15 ha in 2010-11
- Small and marginal holdings constitute 85.01 % (2010-11)
- NSSO (2005):
  - 27% farmers did not like farming as it was not profitable
  - 40% farmers were ready to take up other career, given a choice
Govts tried to address the symptoms and failed

Farming cooperatives have universally failed (Deshpande, 1977)
Gambhira - History

- Small and marginal farmers from 4 villages (Gambhira, Kothiakhad, Nani-Serdi and Bilpad) were cultivating on Mahi river bed in Anand District.
- Heavy floods in 1927, 1941 & 1949 caused heavy damage.
- Government distributed 201 acres to 176 farmers in 1951 on Chhaganbhi Patel request.
- Farmers condition remain unchanged. Individual farming was unviable.
Formation of the Society

- Chhanbhai’s suggestion to form collective farming Society
- Mahisagar Bhatha Samudhayik Sahakari Kheti Mandali Limited on October 14, 1953
- Both ownership and cultivation rights with society
- Area increased to 526 acres with reclamation of degraded and lost land, government distribution and purchase
- Members increased to 291
Organizational Structure

President

Managing Committee

Manager

Group Leaders

Group Members

Supervisors, Tube well operators, Clerk, Tractor Driver, Peon
Group Formation

- 30 working groups of 8-14 members for operational convenience
- Land allocated to group - 13 to 24 acres (average 17 acres)
- Group leaders were elected by group members
- Groups had remained same from inception
- Group leaders were not changed
Crop Production

• Groups are responsible for production

• **Planning** of Cropping pattern:
  • Managing Committee decides the crops
  • *Kharif* - paddy, bajra & tobacco
  • *Rabi* – wheat, tobacco & jowar

• **Primary cultivation**: the Society

• **Sowing**: Inputs supplied by the Society; sowing by respective groups
• **Irrigation**: No irrigation to tobacco
  • 6 tube wells, 4,500 m pipeline and 2 pump operators
• **Intercultural operations**: Respective Groups
• **Surveillance**: Members patrol the fields to protect crop from grazing
• **Harvest & Post harvest**: Groups harvest and store in the *godowns* allotted
Marketing

• Managing Committee decides the date and price for tobacco auction. Send letters to agents

• Groups display their produce in lots

• Secret bidding followed and produce is sold to highest bidder

• Auction will be stopped if the price offered is lower than the minimum price decided by the committee

• Traders have to take produce within 15 days by paying 65% amount; remaining 35% in 3 months
• Receive very high price
• Society dictates terms of trade due to bargaining power achieved because of quality and quantity of tobacco
• Payments in time
Sharing of Risk, Produce & Profit

• Production and marketing risks are borne by members
• Fodder was shared equally among the members of groups

Total Revenue = 1.5% to group leader + $\alpha$
$\alpha = 35\%$ to Society + 65% to group
35% to Society = expenditure (for inputs, adm expenses etc) + $\beta$
$\beta = societyreservefund (20\%) + \gamma$
$\gamma = bonus (70\%) + developmentfund (20\%) + housefund (10\%)$
Total production of Gambhira and income to members

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Production of Gambhira (Rs)</th>
<th>Members Share of Production (Rs)</th>
<th>Bonus to Members (Rs)</th>
<th>Total amount paid to members (Rs)</th>
<th>Members Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1953-54</td>
<td>90,660</td>
<td>45,320</td>
<td>9,116</td>
<td>54,436</td>
<td>60.04</td>
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<td>1960-61</td>
<td>134,319</td>
<td>67,159</td>
<td>5,804</td>
<td>72,963</td>
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<td>1970-71</td>
<td>537,370</td>
<td>268,685</td>
<td>46,714</td>
<td>315,399</td>
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<td>1980-81</td>
<td>1,506,854</td>
<td>901,801</td>
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<td>1990-91</td>
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<td>1,721,434</td>
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<td>1999-00</td>
<td>9,925,960</td>
<td>5,984,646</td>
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<td>2005-06</td>
<td>7,138,120</td>
<td>4,300,286</td>
<td>552,392</td>
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<td>2006-07</td>
<td>6,302,019</td>
<td>3,788,983</td>
<td>207,282</td>
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<td>2007-08</td>
<td>11,190,707</td>
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<td>2008-09</td>
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<td>2009-10</td>
<td>32,630,540</td>
<td>21,213,663</td>
<td>4,617,590</td>
<td>25,831,253</td>
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</tbody>
</table>
Working of Groups

- Groups are responsible for production
- Each group has its own norms/rules
- Work allocation: Group leader allocates equally to members
- Monitoring: No scope for free riding
  - Small groups & small fields- Both group leader and members monitor the work of each other
  - All the members have to complete the work allocated
- Children are not allowed.
- Penalty for violation of rules
- Group leader record the labor contribution
- Interlocking behavior eliminates free riding. Members cannot remain absent from work unless there is genuine problem
- Group leaders have incentive to monitor (his share & proceeds from membership)
- Managing Committee, supervisors monitor the groups work
Assets of Gambhira

- Reserve fund Rs.8,500,000 (April 2011)
- *Godown* with 30 rooms
- Two tractors, one SUV
- 4500 m pipeline, 6 tube wells and implements
Impact

Household Level:

- Income from contribution of 150-180 days labour was relatively higher. Average of Rs. 90,000 from 1.76 acres in 2009-10
- Chhaganbhai emphasized the importance of education – funds for school buildings, assistance to students
- All the families have graduates and at least one person in each family was employed
- Constructed better houses
- > 90% of members belongs to baria caste. Improved their social status
Community level:

- Contribution to various developmental works from inception
- Donate the funds to Gram Panchayat
- Not accepted any donation or subsidy from government
<table>
<thead>
<tr>
<th>Year</th>
<th>Gambhira</th>
<th>Kothiakhad</th>
<th>Nani Sherdi</th>
<th>Bilpad</th>
<th>Total</th>
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<tbody>
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<td>2001-02</td>
<td>68100</td>
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<td>69936</td>
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</tbody>
</table>
Challenges

- Youngster may not be interested in farm/manual work
- Problems may arise with change in crops
Conclusion

• Successfully overcome the problems associated with unviable holdings

• Overcome the problems associated with CPR by forming small groups, devising mechanisms for sharing of work and profits, institutionalizing rules and norms and monitoring and sanctioning stakeholders

• Policy makers may consider promoting cooperative farming
“... the three pillars of India right at the base, should be the village Panchayat, the village co-operative, and the village school. It is on these that the whole structure of India, politically, economically and socially should be built up”.

Jawaharlal Nehru