CHAPTER 17.
REORGANIZATION OF AGRICULTURE.

Reconstruction of rural credit must form part of a general programme of reorganization.

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REORGANIZATION OF AGRICULTURE.

The attempt to raise a sound system of rural credit, if it is to be successful, should be a part of a general programme of reconstruction, to place the agriculturists in a state of normal solvency. The central problem is to change the character of Indian agriculture from subsistence farming to economic farming and to bring about such changes in its organisation as will introduce a substantial measure of efficiency in farming operations and enable the low income farmer to increase his return.*

The main aims in the reorganization of agriculture are:

1. to increase production of both foodgrains and industrial raw materials by the enlargement of the size of holdings with a view to obtain all the economies of large scale farming by the investment of capital, adoption of newer techniques and the application of scientific knowledge.

2. to ensure a stable level of incomes to the agriculturists by price stabilization measures,

3. to remove the surplus population on the land by the orderly transfer of such surplus workers to other occupations in the same region or other regions in the country.

The main planks in the programme are the increase in the size of the unit of management by the adoption of co-operative farming, stabilization of agricultural prices, and the use of labour resource by the establishment of subsidiary or small scale or cottage industries.

Agriculture in India has been referred to as a "deficit industry". Agricultural production in India per acre as well as per capita is on an extremely low level. It has been stated that the most serious

* The First Five Year Plan - A draft outline - P.94.
defect in the agricultural system in India accounting for the low yield is the small size of the holdings. The average agricultural holding is extremely small varying from about 3 to 12 acres per cultivating family and is mostly fragmented, acting as a serious handicap for economic cultivation. As the Planning Commission has observed "Uneconomic holdings are at the root of many of the difficulties of Indian agriculture." With the growing pressure of population on the land, their number is increasing. A farmer who owns two-thirds of an acre could hardly hope to produce enough from the land to maintain an adequate standard of living. It is true that where agriculture does not require much capital investment natural conditions are favourable and the cultivators are skilful and industrious small holdings may produce even higher yields per acre than large holdings.

DEFECTS OF SMALL HOLDINGS.

But the defects of the existence of small holdings are too glaring to be ignored. The defects are: (a) Inadequate area of the holding is often out of proportion to the working powers of the peasant family and therefore incapable of guaranteeing its complete livelihood; (b) lack of capital; (c) lack of business ability in making contracts; satisfactory prices for produce cannot be obtained when small quantities of produce are handled; moreover the Indian farmer sells his produce at an unfavourable place, unfavourable time and on unfavourable terms; (d) the small holding is also often subject to the disadvantages of parcelling and reduction into small plots due for the most part to the succession system. It may be stated that it is now generally recognised that the small farm holding is not in itself a perfect system; it requires to be integrated by wise action on the part
of the state and by co-operation.*

ADVANTAGES OF THE BIG FARM.

Agriculture cannot be developed as an efficient industry unless the unit of management becomes much larger than it is at present. The advantages that would flow from the establishment of bigger units are obvious. In a farm of substantial size it is possible to ensure better planning of the use of land, to increase production by the adoption of scientific rotation of crops, introduction of improved agricultural techniques, development of irrigation etc. Economies which are not available to small farms are available to large ones. The problem of capital becomes comparatively easy of solution since a larger unit of management can secure more credit and finance and can apply these to greater advantage than a small uneconomic unit.

CONSOLIDATION OF HOLDINGS.

Consolidation of holdings has been attempted with some success during the past twenty-five years. From encouraging and permitting voluntary consolidation by holders in the same village to the compulsory consolidation by legislative authority, there are a variety of schemes, which, however, all founder ultimately on the rock of inheritance. For "even if compulsory consolidation is legislatively permitted, the maintenance of that consolidation would be defeated the moment one of the consolidating member dies and his landed property comes to be distributed among his heirs**. The laws of inheritance have to be changed for this purpose.

Attempts at consolidation of holdings have been more successful in

* Readings in Agricultural Economics - P.204-5.
in the Punjab than elsewhere. The consolidation of holdings in that Province was carried out through co-operative societies. The owners of land who desired consolidation of their holdings formed themselves into a society, pooled their holdings and prepared a scheme of reallocation of land which had to be approved by two-thirds of all the members in a general meeting. In actual practice, however, no scheme was ordinarily enforced unless it was acceptable to every member. After the scheme had been approved by the members the new blocks were marked out and necessary steps were taken to have possession redistributed. In the Punjab, there were 1763 societies for consolidation of holdings on July 31, 1942 and 13 lakhs of acres were consolidated upto July 31, 1941. In the United Provinces there were 233 such societies in 1942. They had been able to consolidate one lakh of bighas (1 bigha = 5/8 acre) and reduce the number of plots from 117,635 to 12,322.

Consolidation of holdings was also provided for in some states by the enactment of permissive legislation. The Central Provinces initiated consolidation by passing the necessary legislation. The main provision of the Central Provinces Consolidation of Holdings Act, 1928 was that when one-half of the villagers holding two-thirds of the land applied for consolidation, a special officer prepared a scheme with the assistance of a panchayat and the scheme was put into force after confirmation by the Settlement Commissioner. In the Central Provinces, the holdings of nearly a lakh of permanent holders covering an area of about 1,133,000 acres split up into 2,438,000 plots were consolidated into 361,000 compact blocks. In the Punjab too a similar Act was passed in 1936. The Act enabled two or more landowners holding a certain minimum area to apply for consolidation to an officer appointed by Government. The
scheme of consolidation was binding on the village as a whole only when at least two-thirds of the landowners holding not less than three-fourths of the cultivated area agreed in writing to consolidation. From the beginning of the scheme up to the end of March 1943 an area of 259,691 acres distributed over 333 villages had been consolidated. According to the United Provinces Consolidation of holdings Act, 1939, the proprietor of a village or the lamhardar or cultivators of more than one-third of the cultivated area in it may apply for an order of consolidation. The Fragmentation and Consolidation of Holdings Act passed in Bombay 1948 provides for the determination of the local area for the purpose of the operation of consolidation. The Provincial government may after such enquiry as it deems fit and after consultation with the District Advisory Committee, provisionally settle for any class of land, in any local area, the minimum area that could be profitably cultivated as a separate plot. Such a plot is called a standard plot. No land in any local area shall be transferred or partitioned so as to create a fragment. The transfer or partition of land contrary to the provisions of this Act is held void and the owner liable to a fine. In the scheme of consolidation prepared by the Consolidation Officer, owners who are allotted plots of a less market value than that of their original holdings shall receive compensation while those who receive land of greater market value will pay the compensation.

The success of consolidation in the Punjab more than anywhere else is attributed to the homogeneity of the soil and the simple system of land tenure, but more particularly to the realization on the part of all concerned that fragmentation had reached very uneconomical limits. Consolidation was followed by an increase in the area under irrigation and extension of the area
under cultivation. It may be said that the cultivator now knows the value of consolidation and over the greater part of the country needs no persuasion for adopting it. The co-operative Planning Committee recommended that legislation for the consolidation of holdings should be passed in those provinces where no legislation exists.

The evils of fragmentation have been prevalent even in the countries of Europe. In Switzerland, at the last census, among small holdings of less than 2½ acres in size, there were no fewer than 220, each of which was divided into 50 or more separate strips. It is estimated that in Western Europe one-quarter to one-third of the land is parcelled out in this manner; in many parts of Eastern Europe the proportion is still higher. The experience of France, Switzerland, Belgium, Denmark proves that voluntary consolidation of holdings among peasant-proprietors does not secure compact and reasonably sized holdings and that the remedial measure lies in legislation.*

It is recognised that consolidation of holdings while making a distinct contribution to increase in production, does not eliminate the essential weaknesses of uneconomic holdings and does not offer a lasting solution of the land problem. In some states attempts have been made to prevent sub-division of holdings by prescribing a standard area below which sub-division of holdings by prescribing a standard area below which sub-division is forbidden either by way of partition, sale or lease. Such measures have a limited value but for the permanent solution of the problem of increased agricultural production, some form of large-scale cultivation is necessary.@

* Report of the Co-operative Planning Committee - P.25
@ The Co-operative Planning Committee - P.26.
LARGE-SCALE FARMING - DIFFERENT TYPES.

There are four types of large-scale farming viz. capitalistic farming, state farming, collective farming and co-operative farming.

CAPITALISTIC FARMING: A capitalistic transformation of agriculture i.e. a substitution of estate farming for small-scale peasant farming, could hardly be thought of as the solution. It may be allowed that in a few cases estate farming is both desirable and practicable in India as for example in the case of hitherto uncultivated land which may have to be brought under the plough at considerable cost. No dispossession of existing interests would be involved in this case and the best interests of society would be served if capitalists with large resources were allowed to exploit the additional land resources. But a large-scale dispossession of peasant proprietors which it would involve, raises grave issues of sociological importance. It would be quite undesirable to reduce large numbers of hitherto free cultivators to the position of hired labourers working under the supervision and control of private capitalists. Such an attempt would provoke grave discontent and opposition. Under present conditions, there may even be a further difficulty. It may not be possible to get a sufficient number of capitalists to invest in land and look up their capital for a long time in permanent improvements, since agriculture is not likely to be as profitable an investment as trade or industries. Moreover, the evils of absentee landlordism which have appeared in the past would mar the success of such a measure of reform.

STATE FARMING: The establishment of state farms as has been tried in Russia is also advocated. The first farms were organised by the Soviet Government in 1918 but their rapid development began in 1928.
In 1934, the State farms employed over 3 million persons and cultivated over 40 million acres of which over three-quarters were under grain. These farms are equipped with up-to-date machinery, managed in accordance with the latest methods of agronomy and scientific animal husbandry and worked by paid labour. Besides producing foodstuffs like grain, meat, milk, butter, fruit and vegetables for the urban industrial centres, the State farms produce raw materials like cotton, flax, wool, sugar beet, vegetable and essential oils for industries. In view of the Russian experience of State farming and the peculiar conditions under which we have to mould the pattern of agrarian economy in our country we do not recommend state farming as a general method of land utilisation. * State farming should be carried on only for purposes of experiment and research, even if it be at a loss.

The nationalisation of land and establishment of state farms in this country is open to grave objections. Over the greater part of the country—seen for centuries a tradition of free peasant ownership. In the zamindari areas the peasant lost certain of his rights but gradually recovered them through legislation and through other measures and the occupancy tenant came to occupy a position almost equivalent to that of a peasant owner in a ryotwari areas. Although the need for change was never greater, it is still true to say that the peasants are the backbone of Indian agriculture. Changes to be introduced in the rural economy should be capable of proving acceptable to them. A principle of change which is repugnant to the commonsense and sense of fairness of the peasant and which is inimical to his interest is not likely to bear fruit. Apart from this fundamental objection, the compensation payable would  

reach colossal dimensions beyond the resources of the State. For administrative reasons too such a measure of reform cannot be contemplated now. On all practical considerations therefore nationalization and state management is not a course which can provide the solution.

**COLLECTIVE FARMING:** Collective farming in Soviet Russia is a conspicuous example of large-scale method of cultivation. The collective farm (Kolkhozhi) is an "economic community of farming families who pool their resources and undertake to work together under a management committee chosen by themselves. This committee is responsible for farm management, allocation of work, distribution of income in kind and in money and disposal of surpluses. The remuneration of collective farmers is calculated in "work day" units i.e. the value of the average amount of work that can be performed by a collective farmer in one working day, as fixed by a standard quota for each type of work. Differences in skill or special efficiency are remunerated by grading up some jobs to a higher equivalent in "work day" units than others." The collectives are highly mechanised and in this connection a very important part is played by the Machine Tractor Stations maintained by the State at suitable centres. For the use of tractors, harvesting machines etc. the collectives pay in kind at a fixed rate. The production plan for each farm is however laid down by the State which issues directions about the acreage under different crops, the number of animals to be kept etc. Each collective has also to sell to the State at a prescribed rate a fixed proportion of what is assumed to be an average yield. As a result of collectivisation and the consequent large-scale mechanization there has been a considerable increase in agricultural production.
The average size of the farm varies widely in different regions. It is below 600 acres in white Russia, above 1800 acres in Ukraine and is twice or three times as large on the middle and lower Volga regions. For the whole country it averages 1600 acres.

While there is some element of State control, the collective farm differs from the State farm in that the workers on a State farm are wage-earners while those on a collective farm are peasant members. The members of a collective farm have greater freedom to decide upon the management of the farm and the method of wage-payment according to the work done by the individual member and according to the net output of the farm, provides an incentive for the improvement of the farm.

An important individualistic element in them is the allotment of a small plot ordinarily adjoining the house which is worked by the family for raising vegetables or fruits or for poultry-raising.

The collectivization of Soviet agriculture was not easy. The opposition of the rich peasants (kulaks), who refused to surrender their land, the slaughter of hundreds of thousands of cattle and horses and the wholesale massacre of the rich peasants resulting in the extermination of that class are the gruesome details that attended the process of collectivisation in Russia. We in this country therefore abhor the introduction of the system of collective farming.

As regards collective farming, a fear has been expressed that it may be misunderstood as expropriation and raise socio-economic problems. Its idea is unfamiliar and its acceptance depends on the manner in which and the agency through which it is introduced. The deep attachment of the Indian farmer to his owned land will seriously stand in the way of its introduction.
The Co-operative Planning Committee has expressed the opinion that the introduction of the system of collective farming is not suitable in the existing circumstances of India.

CO-OPERATIVE FARMING: The problem, then, is of the introduction of a method of farming which without affecting any of the fundamental social institutions or customs and interfering with the framework of private property, will give increased production. The fourteenth Conference of the Registrars of Co-operative Societies (1944) recommended that "the system of co-operative joint farming should be introduced wherever circumstances are favourable, but at least one experiment in co-operative farming should be carried out in each province and state." Co-operative farming would secure an increase in the size of the holding for purposes of cultivation without depriving cultivators of their right to ownership.

The owners of land in a village form themselves into a society, pool their land for purposes of joint cultivation. The rights of ownership are recognised and compensated for through the payment of a dividend in proportion to the value of land. Members work on the pooled land in accordance with the direction of an elected committee and the manager appointed by it. The management of the land and the resources of the village could be organised to provide maximum employment and the cultivation of the land to secure the maximum advantage to the village community.

It is necessary that the task of management should be entrusted to a small elected body from among the members. This committee will ordinarily perform the following functions:

(1) frame programmes of production of the different crops to be achieved at each harvest;

(2) frame budgets of requirements for supplies and finance
needed for fulfilling the programmes;

(3) arrange for the purchase of good seed, fertilisers, equipment and machinery;

(4) raise funds on the security of land, crops and other movable and immovable assets of the society for land improvement, purchase of machinery and payment of operational expenses;

(5) assess results attained at each harvest;

(6) make payments of dividends and wages to the owners and workers; payments for the use of machinery or equipment if hired.

(7) fulfil the obligations to the State by payment of land revenue, procurement and sale of foodgrains and raw materials;

(8) organize voluntary labour for community works.

So long as mechanised techniques are not introduced, for the purpose of cultivation, appropriate blocks may be constituted and allotted by the village management body. Even with a radical change in agricultural technique, the village will ordinarily be found to be a farm of sufficient size.

It is to be observed that while ownership rights of the members of a society are vested in them, ownership comes to acquire a new significance. The agreement between the members and the society though, in the first instance, made for five or ten years, should be regarded as permanently binding upon the members. The land should continue to remain under joint management and its operation should not be affected by the growth of population and changes and accidents of legal subdivision.

The benefits of co-operative joint farming will arise from the greater economic use of land and the employment of more efficient technique. The pace of mechanization of these new farms will depend upon the speed with which surplus labour can be
transferred from agriculture to other occupations. The village will be "a convenient unit for organizing the shift into non-agricultural occupations, within as well as outside the village of all those who will be displaced when agriculture is reorganised."

**CO-OPERATIVE TENANT FARMING:** In areas where tenantry exists, co-operative associations of tenants should be formed on the same model. The whole area is cultivated in accordance with a plan laid down by the Society. The society undertakes to supply credit, seed, manure, and costly agricultural implements and even to arrange for the marketing of the tenants' members' produce but it is open to each tenant member whether or not to avail himself of these facilities. Each tenant pays a fixed rent for his holding, but the produce of the holding is his own and entirely at his disposal. This type of society replaces the superior landlord, and the profits after meeting all expenses and providing for a reserve fund, are distributed among the tenant members in proportion to the rent paid by each.*

These two kinds of societies—co-operative joint farming and co-operative tenant farming—will work in close collaboration with the other co-operative and governmental agencies which are working for the uplift of the village community.

In his book, "Poverty and Social Change", Mr. Tarlok Singh has described a scheme for Joint Village Management. The main features of the scheme are in essence the same as those of the co-operative farming societies described above. The system of co-operative farming has a number of possible advantages. It provides, in the first place, a large enough unit for agricultural operations. This enlargement of the unit opens up possibilities for the investment of capital and the employment of mechanized technique. The system will ensure the utilisation of land in the best interests of the community.---The Co-operative Planning Committee. F. 32.
of the community.

The Planning Commission has pointed out three main objections to any system of co-operative or collective farming. They are: (1) Rationalisation of agriculture will throw such a large section of the rural community out of work as will cause widespread hardship; (2) A system in which individual holdings are pooled is opposed to the instinct and tradition of the Indian peasant and will not be acceptable to him; and (3) Sufficient cohesion and managerial capacity to work out the proposed pattern has not so far been developed.* The organisation of co-operative joint farming societies may not be feasible at once in all places in India. "Probably the best way to overcome peasant dislike of such an innovation would be to get the scheme successfully working in one or two villages and then give the widest publicity, in the form of leaflets and wall-notices, to the economic benefits obtained, at the same time urging the peasants of neighbouring villages to visit the experiment and satisfy themselves on the spot." * As the formation of such societies is imperative in the economic interests of the country, the State should promote their formation by means of grants and technical assistance and should make the greatest immediate contribution by supplying the services of farm managers, advisers or other staff. The pace at which co-operative joint farming should be developed will depend upon the pace at which, simultaneously, it is possible to absorb workers released from the village.

CO-OPERATIVE FARMING EXPERIMENTS IN INDIA.

A small beginning has already been made in co-operative joint farming in India. In Bombay though stray attempts in the field of co-operative farming were made as early as 1921, they were

* The First Five year Plan - A draft outline P.192.
* Food & Farming in Post-war Europe by Yates & Warriner P.74.
not successful. A scheme drawn up by Captain Mohita in 1947 was approved of by the Government. The societies to be organised under the scheme have been classified into three categories, viz. (1) co-operative joint farming, (2) co-operative tenant farming and (3) co-operative collective farming. The co-operative farming societies organised under the scheme will receive assistance from government in several directions. With a view to facilitate the formation of co-operative farming societies, the Government have amended the Bombay Co-operative Societies Act to the effect that if not less than 66 per cent of the farmers owning in the aggregate not less than 75 per cent of the land in a specified area or village agree to pool their land with a view to form a co-operative farming society, the rest of the landowners in the village will be required to join the society. Further under the Bombay Tenancy and Agricultural Lands Act of 1948 tenants have been enabled to become members of co-operative farming societies by assignment of his rights in favour of a society for the purpose of raising finance required for genuine agricultural purposes. The Act also affords protection to the tenant against ejectment as long as he remains a member of a co-operative farming society. Upto the end of 1948-49 37 co-operative farming societies had been organized in the province. Of them, 21 societies had a membership of 668 with a working capital of Rs.2.35 lakhs. The total area of land belonging to them was 4,951 acres of which land consisting of 3,651 acres were under cultivation.

In Bihar, U.P. C.P. Orissa and Madras experiments in co-operative farming have been made partly on land newly brought under cultivation for settlement of ex-servicemen or refugees though stray experiments in joint farming have also been conducted on land owned and already cultivated by private persons.

*Co-operative Farming - Reserve Bank of India. P.44.
The scope for organizing co-operative farming societies in the country is very great indeed. Schemes for settling ex-servicemen on land, rehabilitation of refugees offer excellent scope for the development of co-operative farming. Also with the abolition of zamindaris and resettlement of the actual farmers on the lands acquired from zamindars similar measures will have to be adopted if full benefit is to be derived from the reforms. Acharya Vánikha Bhave's "Bhoodan Yagna" movement of giving land to the landless would run counter to such reforms if those who receive the land as free gift do not join themselves into co-operative associations for better farming. The scope for organising co-operative farming in ryotwari tracts also exists if steps to consolidate lands and pool them are taken.

CO-OPERATIVE FARMING UNDER LAND RECLAMATION SCHEMES:

Out of the total area of 810 million acres, 98 million acres are classified as other uncultivated land excluding current fallows. Including cultivated land lying fallow in any year, the waste land amounts to nearly one-fifth of the total land area of the country. The reclamation of waste land offers scope for the development of co-operative farming. In all states a beginning should be made in organising settlements of agricultural workers on reclaimed land. Several countries in the world provide instances as to how best people have been settled on reclaimed land. The Kruitza or the co-operative farming societies in Palestine were formed by the immigrants who were settled on the reclaimed land. In Kruitza not only cultivation of land but the entire life of the settlers has been organised on a co-operative pattern. All members of the settlement follow the plan of cultivation as approved by the managing committee of the settlement. The most striking feature of the Kruitza is the absence
of any individual economic regard; the basic principle behind the
distribution of income is not according to ability but according
to needs.

In India the Government have formulated schemes to
reclaim six million acres of land which in course of time will
yield annually two million tons of foodgrains. The reclamation
work is carried out by the states with the assistance of the
Central Tractor Organisation. Nearly a lakh of acres have been
reclaimed chiefly in the United Provinces, Central Provinces, East
Punjab, Delhi and the Matsya Union. The Uttar Pradesh Government
has carried out some of the biggest reclamation schemes in Asia
except Russia. In Ganga Khadir, in the Meerut district, a jungle-
covered tract of nearly 47000 acres has been cleared and sown
with crops. In the Nainital Tarai area nearly 50,000 acres of
useless land have been brought under the plough. The co-operative
settlements in the Ganga Khadir and Naini Tarai areas have been
taken as a model for the establishment of other settlements. In
Madhya Pradesh the reclamation of land infested with bans was one of
the magnificent achievements of the Central Tractor Organisation.
The cost of reclamation at the rate of forty rupees per acre was
Rs. 18 lakhs whereas the value of crops obtained was Rs. 60 lakhs.
Thus in the first year the owners had a net income of Rs. 42 lakhs
from the land which only a year ago was regarded as unproductive.

One of the planks in the food production drive in the
country is the reclamation of waste land. The cultivation of
such land if leased out to separate individuals should be
organised on the co-operative basis. The ideal solution would
be to invest the settlers with ownership rights but to organise
co-operative settlements. The land may be divided into blocks
of 500 to 1500 acres according to the nature of the soil and the
Irrigation facilities available. On each block 50 to 100 families as may be found convenient may be settled. In the irrigated tracts 5 acres and in the non-irrigated tracts 15 acres may be allotted to each settler. The settlements will be administered by boards of management elected annually at a general meeting. The programme of crop-production will be prepared by the board of management and also the allocation of work among the members. In the beginning the Government will have to provide the services of an expert in farming who will act as manager and as adviser to the board. The land will be cultivated jointly and the settlers as well as the members of their families will work on the farm. They may be paid wages at prescribed rates, which will be sufficient for meeting the maintenance expenses. At the end of the year, out of the sale proceeds of the produce and other income derived from the farm, all the expenses connected with the management of the farm will have to be deducted such as advances obtained for cultivation and other expenses. The amount due to government as land revenue and payment of instalments in respect of reclamation expenses should also be deducted. Some funds will have to be provided for bringing about improvement in land as well as methods of cultivation. It will also be necessary to build up a reserve fund which besides providing for depreciation of work animals, implements and other farm property, crop failures or losses, will in course of time provide capital and make it independent of outside agencies in financial matters. The rest of the profits may be paid to the settlers as bonus on the basis of wages earned by them and their family members. In order to supplement the income from the land, various subsidiary industries may be developed such as dairying, poultry-farming as well as other cottage industries.
Where the reclamation of land is not effected by government but such land is given on long lease to private individuals who are prepared to invest the necessary capital for reclamation, co-operative tenant farming may be developed. A mention may be made of the activities of the Alamuru Co-operative Rural Bank in Madras State. The Bank secured 500 acres of land from the government at a fixed rental of Rs. 10,000. The lands were divided into plots consisting of 10 acres and ten families were to jointly cultivate each block. The landless labourers, who are settled in this manner, are given loans by the bank for agricultural operations. The cultivation of the lands is carried on collectively and the surplus produce is marketed through the bank. The net proceeds after realising the loans advanced and the rental due to government, are distributed among the members. The members of the society who were originally poor landless labourers are now leading a respectable and contented life.*

The governments of the states in India should draw up a programme of bringing the waste land under the plough and organising such settlements. The programme, spread over a period of years, will depend upon the ability to find the necessary sums for capital outlay. The sub-committee on "Land Policy and Agriculture of the National Planning Committee has estimated that on the basis of Rs. 50 per acre for nearly 10 crores of acres such reclamation and rehabilitation cost would aggregate 500 crores. This programme therefore would have to spread over a period of twenty-five years, as the annual capital outlay on the scheme by the states will strain their meagre resources. The State may therefore lease the

* Co-operative Farming (Reserve Bank). - P. 48,
land to individuals who have financial resources at their disposal and who are willing to work the scheme in the larger interests of the country. Apart from the initial capital cost of the scheme, the state may have to spend on the construction of roads and provision of transport facilities, and the ordinary services of water-supply, lighting, drainage, education etc.

**CO-OPERATIVE FARMING IN ZAMINDARI AREAS**

In case of lands acquired from the zamindars, where lands are newly allotted to tenants it would be easy to impose conditions even from the beginning for securing better farming. It would perhaps be difficult to impose conditions where the cultivators already enjoy occupancy rights. The fragmentation of holdings in these areas has been carried very far and no improvement is possible unless in the first instance steps are taken to consolidate the holdings. This may at first be attempted by suitable propaganda explaining to the farmers the benefits of consolidation with a view to obtain their active support. If the response should be poor, some form of compulsion is necessary. It may be stated that in order to facilitate consolidation of holdings in the areas acquired from the zamindars, the State Acquisition and Tenancy Act of West Bengal has made special provisions. The U.P. zamindari Abolition and Land Reforms Act 1950 has provided for organisation of co-operative farms in respect of land affected by the legislation. These farms are of two kinds viz. (1) small co-operative farms of 50 acres or more constituted by voluntary agreement among ten or more cultivators; and (2) a co-operative farm comprising of all the uneconomic holdings in a village.
CO-OPERATIVE FARMING IN RYOTWARI AREAS:

While it is easy to organize co-operative settlements on reclaimed land or land recovered from the zamindars, it is difficult to introduce joint farming in tracts where peasant proprietors hold the land and cultivate it either themselves with or without hired labour or through tenants. Nevertheless it would be necessary to introduce co-operative farming as the benefits of large-scale cultivation can be reaped only when it is adopted. It will not also offend the feeling of private property in land which is so strong in the peasant. The success of co-operative farming in neighbouring areas will create the necessary enthusiasm in the holders of land to try the experiment. A farming society need not necessarily be confined only to the owners of uneconomic or scattered holdings but may include the bigger owners of land also. They will contribute land, implements and cattle but not labour. The smaller landowners will contribute labour and land. Tenants of bigger landlords too would throw in the land they hold into the common pool and become members. The landlords of the tenant-members should be prevented from terminating the tenancy by withdrawing land from the farm. The income of the society would be distributed as: (a) wages (b) dividend on share capital on the basis of land and other items of property pooled by the peasant in the co-operative (c) interest on loans and deposits (d) depreciation charges (5) reserve fund. Any remaining net profit should be distributed among the members in proportion to their wages. When members who own land resign or are expelled they should not be allowed to withdraw the land but should be entitled to the refund only of the value of their share-capital contributed to the farm.
While co-operative farms of settlers on reclaimed land or tenants in zamindari areas would depend very much on state assistance co-operative farming societies in ryotwari areas do not require much help except for permanent improvements to land or large irrigation works. Consolidation of holdings is the first step to be taken in these areas if co-operative farming is to be assured. But consolidation of holdings would not make much headway if it is to be carried out by co-operative societies or if it is to be achieved under an arrangement in which two-thirds of the landholders must agree before the consolidation could be done compulsorily. The Bombay Act of 1948 referred to earlier has left off the beaten track and should serve as a model for legislation in other provinces.

The co-operative farms would raise their finance through the village multi-purpose co-operative which will arrange for short-term and intermediate-term loans from the central bank of the district and long-term loans from the land mortgage banks. If there should be difficulty in getting loans from these institutions the State should, where necessary, raise long-term loans in the market or guarantee the long-term credit made available by land mortgage banks.

Where the large majority of the peasants are ignorant and illiterate, conservation by temperament and suspicious of innovations, leadership in the villages assumes the greatest importance. This in fact becomes the first essential condition for the success of co-operative farming. It will take time to train indigenous leadership from among the peasants. But in the meantime men from outside the village or servants of the state will supply the necessary talent and look after the affairs of these farms. The other conditions for the success of co-operative farming are mentioned to
be equitable distribution of the product, capacity for service and sacrifice, maintenance of individual interests and democratic organization.

RELATION BETWEEN CO-OPERATIVE FARMS AND MULTI-PURPOSE SOCIETIES:

The Famine Enquiry Commission said, "Co-operative farming must of necessity involve multi-purpose co-operation." The present trend of thought is that the organisation of multi-purpose societies will serve best the interests of the farmer who is used to deal with one institution for all purposes viz. the village moneylender. There need not be any conflict of jurisdiction between the co-operative farm or farms in the village and the multi-purpose co-operative. On the contrary "the simultaneous functioning of co-operative joint farms and the multi-purpose society in a village would bring about a better understanding among different groups of farmers and among different rural interests and therefore a more regulated and more just approach to the solution of the agricultural problems."

THE PLANNING COMMISSION'S RECOMMENDATIONS:

The Planning Commission has recommended the adoption of co-operative farming by small and middle owners to ensure that the necessary conditions are created for efficient agricultural production. The commission has suggested the fixation of an upper limit to land holdings and the distribution of land in excess of the willing to the tenants or landless labourers. For the cultivation of such lands, the committee has said that preference should be given to co-operative groups. The expansion of co-operative farming and co-operative activities generally will do much to develop the social and economic

life of the village. The ultimate objective according to the
Commission is co-operative village management. The primary object
of co-operative village management is to ensure that the land and
other resources of the village can be mobilised and developed from
the standpoint of the village community as a whole.

The Planning Commission has recommended the establishment
by the central government of a Land Reforms Organization which
will be concerned with the evaluation of land reform programmes,
investigations into land problems, study of the experience of
cooporative farming in different parts of the country, collection
of accurate data and the maintenance of a continuous record of
information concerning the progress of the land reforms programmes
adopted by the states.

The co-operative organization of the village community
is the goal which can be reached only by patient and hard endeavours.
Co-operative farming is one of the many facets of the co-operative
organization. The chances of success in this field are great. Only
the initial difficulties have to be overcome. In several countries
co-operative societies for different objects such as credit, supply,
marketing, use of machinery have been organized and they have led to
the gradual adoption of joint farming. In some countries joint
farming societies have been organized from the beginning with such
objects as rehabilitation of low income farmers and settlement of
refugees. In India too the organization of such co-operative joint
farms seems to be the next logical step in the evolution of the
co-operative movement. The formation of co-operative better farming
societies in which the individual farmers perform on a co-operative
basis all operations of agriculture except farming might lead to
coooperative joint farming as well. In the beginning, the formation
of small co-operative farms in the village may be undertaken. As 
co-operative joint farming would be an essential feature of the 
future agrarian pattern and its early success would greatly 
determine the progress of this type of farming, great care should 
be excercised in fostering the movement so that nothing may detract 
from its attaining full momentum. The formation of co-operative 
farming societies in the country will yield valuable benefits 
in the economic and social spheres. The co-operative spirit which 
at present is weak, will be strengthened greatly. A co-operative 
commonwealth which was Gandhiji's dream will be established in 
the country.