

AGRARIAN CRISIS AND ALTERNATIVE POLICIES

The Role of Worker Peasant Social Co-operatives in Building Alternatives



P Sundarayya Trust

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Preface

AIKS and AIAWU have been intensifying struggles demanding the State to reverse the neo liberal policy of curtailing government support to agriculture and promoting agri-business by corporate houses and instead promote peasantry to establish worker-peasant cooperatives by extending investment and infrastructure support. We hope, developing struggles to launch cooperative movement will provide ample space to mobilize and politicize the vast peasantry.

Both AIKS and AIAWU are committed to facilitate all kind of support to rally different progressive and democratic social sections to aid worker-peasant cooperatives. The general perception was that the scope of intervention through cooperatives is so high and will benefit peasantry and agricultural production and we shall put pressure upon the State in this regard. Cooperatives shall be promoted by mobilizing the peasantry beyond political affiliations and we shall extend all support to peasantry in that endeavor. The purpose is to advance the peasant movement against imperialist model of neo-liberal economic reforms and develop cooperative spirit among the peasant masses and rural working class through political struggles for building alternatives. The 33rd conference of AIKS held at Cuddalore, Tamilnadu on 24-27 July 2013 had discussed and adopted a commission paper 'on peasant cooperatives and reorganizing production relations in agriculture'. We are attaching the paper for your reference.

This Volume is the collection of papers prepared for the workshop on agrarian crisis and alternative policies and the role of peasant - worker social co-operatives in building alternatives. We hope, this workshop will enable the presently to have an introspection and clarity on how to concentrate on resolving agrarian crisis by erecting alternatives on agro processing, marketing and finance management.

Building struggle and simultaneously building alternatives will ensure widespread growth of productive forces. We are grateful lo those who contributed valuable papers to make the workshop a grand Success.

Hannan Mollah

Growth of cooperative movement in India

The cooperative societies emerged as a partner of our economy. The capitalism along with industrial production and exploitation of the working people and consumers through market allowed the growth of cooperative for some relief to the people. It was developed as a welfare programme for the workers, peasants and consumers. In the initial stage it was setting up as cooperative for rural credit with the cooperative credit societies Act 1904. Primitive structure was modified by improving the Act between 1912 and 1918. But, the World war I to the emergence of great depression of 1929, the farmers in the country fell in great distress that led to spreading of cooperative movement and some better legal provision was provided by the government. But,

after that till 1946, it was the restructuring stage of cooperative in India. Various committees examined and gave recommendation to improve cooperative credit society by the multi-unit cooperative society Act 1942. In 1937, the Indian National Congress came to power in several provinces and encouraged cooperative movements in the country. All India cooperative planning committee 1945 helped to improve cooperative societies.

The cooperative societies defined as an autonomous association of persons united voluntarily to meet their common economic social and cultural needs and aspiration through jointly owned and democratically controlled enterprise. In post independence period, Jawahar Lal Nehru strongly advocated for cooperatives though right wing Congress leaders opposed it as the instruments of Communists.

In 1958, the National Development Council recommended for National Cooperative policy. In 1984, Multi state cooperative societies act improved its activities. The Green Revolution and Milk production enlarged the scope and activities of the largest cooperatives.

National policy on cooperative in 2002 helped to develop, strengthen, uniform cooperative societies in India. Agriculture based industries in India provided agricultural credit and funds where state and private sector were not helpful much to the agro finances. The cooperatives helped by providing strategic inputs for agriculture sectors and consumer societies to overcome constraints of agricultural development.

The Constitution also helped to organize the cooperatives. The Directive Principles of State policy Article 43 provides for living wage. Article 14- Right equality and Article 19(1) © . Right to form association strengthened the organization of cooperative societies.

Various cooperatives were formed in the countries during last several decades- Agricultural based cooperatives, local, regional, state and National level.

- Cooperatives in sugar industry.
- Marketing Cooperatives.
- Dairy industries cooperatives.
- Banking and Rural credit cooperatives.
- Storage cooperatives.
- Consumers cooperatives etc.

It developed as one of the main partner of economy. It achieved more reach to rural India with huge network of credit society. It covered majority of the village and helped social justice, equality and descent living for a section of the population to some extent. But, most of the PRACS are dominated by richer section of the rural people. Their functioning is not democratic in most of the cases. The election to the bodies is also manipulated by some section of the people.

Leninist concept of the cooperatives

In the international socialist Congress in Copenhagen the nature and role of cooperatives were discussed. Various socialist Parties in the Congress placed their opinions. The Belgian draft called for "organic closer and closer ties' to be established between socialist parties and cooperative societies. The French Socialist Party (Majority) proposed on the style of bourgeoisie reformers- as a necessary element of social reformation.' The French (Minority) Socialist Party opined, " cooperatives in themselves are, by no means, class organization." So, proletarian cooperative societies are confined with the cooperatives of petty proprietors in agriculture. Com Lenin said this, " that the view that help the workers to prepare the democratization and socialization of the means of production and distribution, was nebulous and entirely acceptable to the ideologists of petty proprietors and the theoretician of bourgeois reform."

But, after successful completion of October Revolution in 1917 and

declaration of New Economic Policy (NEP), Lenin said, “indeed, since political power in the hands of the working class since this political power owns all means of production, the only task, indeed, remain for us to organize the population, in cooperative societies.”

Kisan movement and cooperatives

After discussing the history and growth of cooperative movements in India and examining Leninist concept of cooperatives, now we can consider the role of cooperatives that can play an important role in strengthening our Kisan movement. The All India Kisan Sabha from the beginning discussed the role of cooperatives to improve the income of the peasantry. In the founding conference of AIKS, it formulated the charter of demands and provided, “Peasants be free of liabilities of their old loans or their interest burden and proper agricultural credit should be given to peasants for their current needs”. To facilitate that, “credit cooperatives and land mortgage credit should not charge more than 5% interest for advance. And also develop cooperative state market to prevent exploitation of peasants by middle man.” So, the importance of credit cooperative and marketing cooperatives were recognized. The peasantry participated in forming primary cooperatives which facilitated them with cheap credit, cheap inputs and better marketing. But, management of most of those PRACS are not always democratic and mostly run by rural rich. In some places, Kisan Sabha comrades participated in those election and mobilized voters for them. But, generally they do not have concrete plan to take control of their managements and provide better facilities to the ordinary members. AIKS advised their lower units to take part in those cooperatives for better and corruption free management, their democratic functioning and improve the interest of the beneficiaries. This may give financial gain to the farmers and Kisan Sabha may expand its influence on the farmers to bring them in Kisan Sabha and Kisan movement.

While deciding the alternative agrarian policy, the AIKS decided in 2009 the demands for strengthening cooperatives through peasants mobilization, it said, “cooperatives in the past have had problems of

bureaucratic interference, take over by large players and control by some politician. Cooperatives for water use, input purchases, crop storage and marketing and other on farm activities like dairy can play positive role for peasantry avoiding those problems requires active mobilization of the peasantry. For this to be successful, it has to be accompanied by land reform to break landlordism.”

In the 34th Conference of AIKS, the General Secretary’s report says, “The CKC must facilitate efforts with the help of state units to evaluate the vast experience of crop-wise mobilization and peasant cooperatives. The 34th Conference must discuss the possibilities to explore and orient the peasant movement to advance the issue based united struggle to pressurize state governments’ as well as the central government to extend financial resources to peasant cooperatives to develop large scale cooperative agriculture instead of driving the agriculture towards corporatization through promoting contract farming sponsored by 100% foreign Direct Investment.

The conference also decided the task in cooperative movement. It said, “alternative: develop social cooperatives wherever possible to advance alternative path of agricultural development and pressurize state and central government to assist them. Promote cooperative agriculture and develop water based plan with massive involvement of the peasants, promote tree planting, fodder development live stock development to ensure livelihood, income and protection of environment.”

There is immense scope of forming peasant cooperatives for production and marketing of agri-production. These cooperatives can purchase agricultural produce from farmers directly and it will fetch better price for the farmer and these new materials can be produced, produce value added foods and other articles and market through its own cooperative chains. This will create job for rural peasantry and expand the economic benefit to the farmers. The Bramhagiri meat producing cooperative run by Kisan Sabha is an important example on this respect.

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This workshop organized by AIKS for discussing, understanding and analysing various aspects of cooperatives movement will go a long way to motivate Kisan activities to build up cooperatives by engaging vast members of peasantry and create an alternative perspective for Kisan movement against corporate loot and middle men's exploitation that lead to growing agrarian crisis.

Dr. T.M. Thomas Isaac

Contextualising Worker Cooperatives

Cooperatives have figured prominently in the left imagination for the last 150 years. They have been viewed as important defensive struggles in the battle against capitalism's pernicious effects,¹ or as utopian alternatives creating alternative economic and social relations,² and, still further, as

1 Marx, Karl. Capital, vol. I and III. Moscow: Progress Publishers, 1996; Engels, Fredrich "The Condition of the Working Class in England" in Marx and Engels on Britain, Moscow: Progress Publishers, [1842] 1953. Lenin, Vladimir I., "On Cooperation" in Collected Works, 4th English edition, Moscow: Progress Publishers, 1966, vol.33, pp.467-75.

2 Robert Owen was a utopian socialist and was instrumental in the development of modern cooperatives in England. He started the failed experiment of New Harmony

pre-figurative moments (working in a strategic relation to the state and other organisations) that lay the basis for a future egalitarian society based on a democratic logic of social organisation.³

There is a long tradition of cooperation that harks back to almost the beginning of social relations. People often find collective solutions to common problems. The modern cooperative movement finds its roots in the first quarter of the nineteenth century and in February 1819 “English tobacco workers who had been on strike for 11 days organized production”,⁴ which was the first time factory workers took over production themselves. In recent times, however, the number of worker controlled workplaces and producer, consumer and financial cooperatives have increased across the globe in order of magnitudes.

The United Nations Department for Economic and Social Affairs undertook a global census of Cooperatives in 2013-14, which is today the most comprehensive survey ever undertaken. There are

in Indiana, USA and was instrumental in founding Rochdale Society of Equitable Pioneers, which established the famous Rochdale principles for cooperatives. Fancoise-Marie Charles Fourier was also a utopian socialist who influenced the “intentional communities”. William Thompson also a utopian socialist, published *Practical Directions for the Establishment of Communities* in 1830.

3 For example, the solidarity economy forums and participatory budgeting in Brazil, the democratic de centralisation in Kerala, and Hugo Chavez’s “twenty-first century socialism” all have an important role for cooperative forms of production. Marx and Lenin also saw the potential for cooperatives working together in laying the basis for socialism. See Miranda Lorenzo, Humberto, “Cooperativism and Self-Management in Marx, Engels, and Lenin” in *Cooperatives and Socialism: a view from Cuba*, edited by CamilaPineiroHarnecker, London: Palgrave, 2013, pp.63-89. See also Vishwas Satgar (ed.) *The Solidarity Economy Alternative: emerging theory and practice*, Pietermaritzburg: University of KwaZulu Natal Press, 2014.

4 Miranda Lorenzo, Humberto, “Cooperativism and Self-Management in Marx, Engels, and Lenin” in *Cooperatives and Socialism: a view from Cuba*, edited by Camila Pineiro Harnecker, London: Palgrave, 2013, p.68.

2.5 million cooperatives which have a memberships/clients base of nearly one billion. However it must be remembered that substantial proportion of these memberships are multiple membership. Thus for an example in France with a population of 65 million people the cooperative clients/memberships comes to around 147 million. Therefore it may be more meaningful to look at the employment. The 2.5 million cooperatives employ 15.6 million employees, 10.8 million worker members and 223.7 million producer members (ie. producer members and their employees) ie. a total work force of 250.1 million.⁵ The agricultural sector accounts for nearly half the number of cooperatives (1.22 million) followed by banking and credit cooperatives (0.21 million). Consumer cooperatives, workers cooperatives, education and socio cooperatives constitute the other important sectors with more than 80,000 units. However the banking credit units account for more than 703 million of the total 1 billion membership/clients followed by 122 million in agriculture.⁶

G-20 countries representing 85% of the global GDP and 64% of the world population account for 86 per cent of the global cooperative employment. The 234 million persons employed by the cooperatives in G-20 countries constitutes 11.65% of their total employed population. This ratio is in the highest proportion in China at 21.2 per cent followed by South Korea, Italy, India, Turkey with the ratio about 10 per cent. In UK and US its only 1.3 per cent each. However in continental Europe the ratio is comparatively higher at 7.6 per cent.⁷

The cooperative sector in these countries account for 234 million persons.ie. 86 per cent of the global cooperative employment and 11.65% of the total work force in these countries.

5 United Nations, Department of Economic & Social Affairs, 'Measuring the Size and Scope of the Cooperative Economy - Results of the 2014, Global Census on Co-operatives' Madison - 2014. p.1,2

6 Ibid. p.5

7 Roelants, Hyungsik and Terrasi, *Cooperatives and Employment: A Global Report*, CICOPA, Qubec City - 2014 p.30,31.

The cooperatives are also increasingly playing a vital role in the global economy with an asset base of \$ 19.67 trillion and gross revenue of \$ 2.96 trillion. The latter constitutes 4.3 per cent of the global GDP.⁸ At the national level the cooperative economy comprises over 10 per cent of the GDP in 4 countries in the world (New Zealand 20%, Netherland 18%, France 18% and Finland 14%). It may be cautioned that the GDP is measured in value added terms while the cooperative economy is in gross revenue terms and therefore the actual significance in terms of share of national income may be much lower. Thus for example the share of cooperative sector in the national income of New Zealand would be around 3 per cent.

As regards the regional spread of the cooperatives Asia leads with 1.9 million units and 484 million members and followed by Europe with 0.36 million cooperatives but with 368 million workers. The cooperatives in Asia (India and China) are dominated by agricultural cooperatives while the European cooperatives are non-agricultural in nature. As a result the annual gross revenue of Asian cooperatives is only 3.25% of the GDP while that of Europe is 7.08%.⁹ The leading cooperatives with annual turnovers of over US\$100 million are largely located in the global north (e.g., the US, France, Japan, Germany, Netherlands, Italy, and Spain).

However, while these statistics are impressive, the focus is on quantitative indicators of turnovers, revenues, and number of members/clients; the actual practices, values, and characteristics of the cooperatives also need to be looked at. Indeed, are all these genuine cooperatives that promote the values, visions, and commitments to democracy and egalitarianism? What led to the creation of the cooperatives and what are their core mandates? What are the inter-relations to markets and to the state?

Defining Worker Cooperatives

With the impressive growth of cooperatives around the

8 United Nations, Department of Economic & Social Affairs, op. cit. p.6

9 Ibid p.6

globe it is important to draw a few important definitional guidelines. What is a worker cooperative and why is it distinct from other cooperative forms? The International Cooperative Association (ICA) defines a cooperative as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise” and which upholds the values of “self-help, self-responsibility, democracy, equality, equity, and solidarity.”¹⁰ In 1996 the ICA established seven guiding principles of cooperatives, which all cooperatives must adhere to: voluntary and open membership, democratic member control, member economic participation, autonomy and independence from outside influence, continuous education, training and information for members, cooperation among cooperatives and concern for their communities.¹¹ These guiding principles clearly place economic activity within social relations and break capitalism’s separation of the economy from society. Perhaps the best example of the guiding principles is a worker cooperative. Workers cooperatives accounts for 3.4 percent of the total number, 0.41 percent of the members/clients, 9.6 percent of the employees and 4.1 percent of the gross revenue.¹²

A worker cooperative is the unique organisational structure in which workers democratically control production and self-manage organisation. Most often it also requires workers to own the means of production, but there are some examples in which the state owns the means of production and either leases them to workers or gives them the right to use the factory or equipment free of charge. Thus, a worker cooperative is a worker owned and managed economic enterprise. Worker-owners work in “enterprise under conditions determined by them collectively”¹³ and share in

10 <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>.

11 Ibid.

12 United Nations, Department of Economic & Social Affairs, op. cit. p 5

13 Satgar, Vishwas and Michelle Williams, “Cooperatives and Worker

the benefits and losses collectively. For worker cooperatives to be genuinely run by workers they must be based on democracy within the organisation, which means workers must make the decisions about production, distribution, and redistribution of surplus. One of the central principles is one member, one vote. This dimension of practicing democracy is vital for extending democracy into political and social institutions as workers learn the democratic skills necessary for democratising society. The democratic organisation of production stands in stark contrast to hierarchical organisational forms of capitalist enterprises. The principle of equality is vital for genuine worker cooperatives that seek to overcome income and wealth inequalities in society.

The uniqueness of worker cooperatives is seen when we compare them to other cooperative forms such as service or consumer cooperatives. Consumer cooperatives, for example, have as their members, consumers of goods and services who have membership through their consumption activities. They do not work in the organisation and the decisions they make do not affect their own role in the production process or the labour process in general. Unlike a worker cooperative that democratises the labour process, a consumer cooperative limits its decisions to the procurement and consumption side.

Emergence of Cooperatives: invited versus invented

Over the nineteenth and twentieth centuries, cooperatives primarily emerged through two pathways: 1) cooperatives “invented” themselves through member initiated bottom-up processes and 2) cooperatives were “invited” to form through government initiated top-down processes. The implications of this distinction between member driven and state initiated cooperatives are far-reaching for the characteristics of the cooperative as well as for the broader structural conditions under which the cooperative operates. The two different pathways to formation are also linked to the different understandings of the role of cooperatives in social

Ownership in South Africa” in *New South African Review 2* edited by John Daniel, PrishaniNaidoo, DevanPillay, and Roger Southall, Johannesburg: Wits University Press, 2011, p.

and economic relations.

For bottom-up cooperatives, they have often been formed out of defensive struggles against capitalism's pernicious effects (such as poverty, joblessness, precarity) as seen in Argentina¹⁴ and Mondragon¹⁵ or utopian moments of creating an egalitarian society as seen in many UK and US worker cooperatives¹⁶ and communes worldwide¹⁷. While in the nineteenth and twentieth centuries these two visions were often embroiled in polarising ideological debates, they ultimately sought to create similar practices, visions, and principles. Both are driven by values and visions of egalitarianism, meeting social needs, human dignity, and democracy. The polarising ideological debate has tended to fade for many cooperatives today as they recognise that the challenges

14 Restakis, John, *Humanizing the Economy: cooperatives in the age of capital*, Gabriola Island, Canada: New Society Publishers, 2010, pp.191-218; Ruggeri, Andres, "Worker Self-Management in Argentina: problems and potentials of self-managed labor in the context of the neoliberal post-crisis" in *Cooperatives and Socialism: a view from Cuba*, edited by CamilaPineiroHarnecker, London: Palgrave, 2013, pp. 235-258.

15 AzkarragaEtxagibel, Joseba, George Cheney and AinaraUdaondo, "Workers' participation in a Globalized Market: Reflections on and from Mondragon" in *Alternative Work Organizations*, edited by Maurizio Atzeni, London: Palgrave, 2012; AltunaGabilondo, Larraitz, Aitzol Loyola Idiakez, and EneritzPagaldayTricio, "Mondragon: the Dilemmas of a Mature Cooperativism" in *Cooperatives and Socialism: a view from Cuba*, edited by CamilaPineiroHarnecker, London: Palgrave, 2013, pp. 167-189.

16 Owen, Robert, *A New View of Society and Other Writings*, ed. G. Claeys, London: Penguin Books, [1813] 1991, and *The Selected Works of Robert Owen*, ed. G. Claeys, 4 vols., London, Pickering and Chatto, 1993. Webster, Anthony, et al. (eds.) *Hidden Alternatives*, Manchester: University Manchester Press, 2011; Esteves, Ana Margarida, "The emergence of the United States Solidarity Economy Network" in *The Solidarity Economy Alternative: emerging theory and practice*, edited by VishwasSatgar, Pietermartizburg: University of KwaZulu Natal Press, 2014, pp.129-149.

17 For example, NiederKaufungen Intentional Kommune in Germany.

are vast and the need for solidarity across worker cooperatives is pressing.¹⁸ Cooperatives that emerge through bottom-up initiatives have the distinct advantage that comes with the commitment, practices, and experience borne out of the struggle to form the cooperative. Formation requires a great deal of commitment from the founding members, often through fierce struggles with the private sector, government institutions, and the generally hostile market environment. The practices that individuals and the collective glean from the process of formation leave an indelible mark on the cooperative for many years to come. For many cooperatives such as Mondragon cooperatives¹⁹ and ULCCS, the story of their founding is deeply encoded in their identity and stand as a constant measure against which the members self-evaluate their present experience. Another major advantage of worker initiated cooperatives is that the process of forming the cooperative imbibes democratic practices both in the institutional framework as well as in the members themselves. Thus, cooperatives that form through bottom-up processes have a deep sense of their identity, firm commitment by members, and learned experience in practicing democracy, collective deliberation, and self-management.

State initiated cooperatives, on the other hand, have often been formed as defensive struggles to help meet people's needs (and quell potential resistance to the state) or prefigurative institutions for various economic activities. For states, however, the prefigurative moment can be either for creating alternatives to capitalism (e.g. Venezuela²⁰) or for providing stepping stones into

18 The growth of the solidarity economy in many places such as Brazil, Germany, and Italy is evidence of cooperatives overcoming difference and working to find networks of solidarity.

19 AzkarragaEtxagibel, Joseba, George Cheney and AinaraUdaondo, "Workers' participation in a Globalized Market: Reflections on and from Mondragon" in *Alternative Work Organizations*, edited by Maurizio Atzeni, London: Palgrave, 2012, pp.83-4.

20 PineiroHarnecker, Camila, *Cooperatives and Socialism: a view from Cuba*, London: Palgrave, 2013. PineiroHarnecker, Camila, "Democracy and Solidarity: a study of Venezuelan cooperatives" in *Alternative Work*

capitalist entrepreneurial activities (e.g. South Africa²¹) or as part of the planning process in a mixed economy (India²²). In both cases, the state forms cooperatives to address social and economic needs, but states often see cooperatives as means to an end (e.g. reduce poverty, provide jobs, deliver services) rather than ends in themselves (e.g. democratic economic space that has value in its own right). In the current climate of globalised neoliberal capitalism the utilitarian approach has been strengthened through global institutions such as the World Bank and International Labour Organisation, which promote cooperatives and the “social economy”. In South Africa, for example, this has led the state to see cooperatives as stepping stones to micro-enterprises and skills development for entry into capitalist firms. The major problem with state-initiated cooperatives is that they are often controlled through government bodies, instrumentalised for government targets, and empty of genuine bottom-up support. For example, unlike bottom-up initiated cooperatives where members drive the cooperative, in state-initiated cooperatives members are “beneficiaries”, often selected by the state (either government officials or political representatives) with the criteria for selection tied to the state’s goals of delivery and development rather than community initiated goals. As a result, many state initiated cooperatives do not see the same level of commitment from members, especially in hard times, and do not have the same legitimacy among communities.

Paradoxically, while states’ experiences in cooperative development have been chequered, government support is vital

Organizations, edited by Maurizio Atzeni, London: Palgrave, 2012, pp. 103-128; Azzellini, Dario, “From Cooperatives to Enterprises of Direct Social Property in the Venezuelan Process” in *Cooperatives and Socialism: a view from Cuba*, edited by CamilaPineiroHarnecker, London: Palgrave, 2013, pp. 259-277.

21 Satgar, Vishwas and Michelle Williams, “Cooperatives and Nation Building in Post-Apartheid South Africa: Contradictions and Challenges” in *Hidden Alternatives* edited by Anthony Webster. Manchester: University Manchester Press, 2011, pp. 177-202.

22 Planning Commission on Cooperatives

for cooperatives to survive and thrive in the fiercely competitive market conditions of a globalised economy. The type of support cooperatives need is by providing enabling conditions, access to alternative markets, and favourable access to state tenders for public works and finance. Many states, however, limit their role to regulating, controlling, and instrumentalising cooperatives.

Over the past decade the Venezuelan state has spent a great deal of energy and resources in trying to roll out massive cooperative programmes as part of its socialist strategy. Venezuela cooperatives started through massive state programmes which created the space, training, finance, and work contracts for cooperatives.²³ With the generous state support many cooperatives have survived, but the degree to which deliberative participation over a wide range of decision making areas is maintained varies as well as the depth to which members imbibe the alternative principles. For a number of cooperatives the record is mixed with many cooperatives struggling to survive without non-competitive state contracts. Despite these challenges, many cooperatives have taken root and are demonstrating their survival and commitment to creating socialist alternatives to capitalism through self-managed production.²⁴

Unlike some of the positive experiences of state initiated cooperatives in an effort to lay the foundations for socialist production in Venezuela, in Tanzania and South Africa the states' involvement in cooperative development has been much more chequered. In post-apartheid South Africa, the number of cooperatives jumped from 1,300 in 1994 to 31,898 in 2010 as a result of massive state support for starting up cooperatives. Wanting to show quantitative growth, government support emphasised

23 PineiroHarnecker, Camila, "Democracy and Solidarity: a study of Venezuelan cooperatives" in *Alternative Work Organizations*, edited by Maurizio Atzeni, London: Palgrave, 2012, pp. 103-128.

24 This information about their fragility and struggles is from interviews that Michelle Williams and VishwasSatgar did with government officials and cooperatives in Venezuela in 2008.

legal registration and fast-track incubation through financial incentives, which has not resulted in genuine empowerment based on cooperative principles and values. Rather government support has resulted in cooperatives becoming stepping stones to small and medium sized capitalist businesses for poor people.²⁵ The emphasis

on numbers hide the fact that many of these cooperatives do not function according to cooperative principles and that a significant number of these cooperatives only exist on paper with an 88 percent failure rate.²⁶ The top-down and heavy handed manner in which the post-apartheid state has financially invested in cooperatives has “polarized cooperatives, prevented the emergence of a racially unified and integrated cooperative movement, and have created patronage dependencies.”²⁷

In Tanzania cooperatives originally emerged as an organic member driven response to colonial control of the local economy and were deeply rooted in local communities. At independence in the 1960s, Tanzanian cooperatives accounted for 82 percent of total exports (the only other countries that cooperatives accounted for larger percentages of exports was Denmark and Israel), largely made up of cashew, cotton, coffee, and tobacco. Many food producing areas were also organised as cooperatives. At its peak in the late 1960s, over 10 million people (approximately 25 percent

25 Satgar, Vishwas and Michelle Williams, “Cooperatives and Nation Building in Post-Apartheid South Africa: Contradictions and Challenges” in *Hidden Alternatives* edited by Anthony Webster et al., Manchester: University Manchester Press, 2011, pp. 177-202; Satgar, Vishwas and Michelle Williams, “Cooperatives and Worker Ownership in South Africa” in *New South African Review 2* edited by John Daniel, Prishani Naidoo, Devan Pillay, and Roger Southall, Johannesburg: Wits University Press, 2011.

26 Department of Trade and Industry (DTI). *Baseline Study of Cooperatives in South Africa*, Pretoria: Research Report, 2009. <http://www.dti.gov.za/>

27 Michelle Williams, “**Alternative production and consumption relations: fair trade, the state, and cooperatives in the global South**” in *Journal of Contemporary African Studies*. Volume 31, issue 1, 2013.

of the population) were involved in cooperatives. But government control of cooperatives in the 1970s and 1980s led to a severe decline and by 2007, this number had dropped to 1 million. The Tanzanian State controlled cooperatives and used them for patronage forms of control of communities, which eventually delinked cooperatives from their communities and devastated production. For example, coffee production dropped from 70,000 tons a year in the early 1970s to 15,000 tons a year in the 1980s and nut production dropped from 190,000 tons a year to 30,000 tons a year in the same period. In the 1980s, the government reversed its policy of state control and decreed a return to independent cooperatives.²⁸ While cooperatives have recovered some and production has increased, the organic people-driven process of cooperative development has not re-emerged and the cooperative movement is a shadow of its former self.

This distinction between bottom-up and top-down cooperatives is brought into sharp relief when we compare member-driven cooperatives such as Argentina, Mondragon, Trentino, and ULCCS's experiences to the state-led cooperative movement in Venezuela, South Africa and Tanzania. To take one example, the Mondragon Cooperative Group is a federation of worker (as well as finance, education, and consumer) cooperatives that has its origins in defensive struggles in the Basque country in the northern region of Spain. Mondragon was formed in 1956 with a group of young engineers working together with a catholic priest, Jose Maria Arizmendiarieta, who had spent years working in the community and popularising humanist values of solidarity and participation. The ideas of solidarity, egalitarianism, collective ownership, democratic authority, distribution of profits among members are deeply engrained in the cooperative institutions as well as the members. For Mondragon this has always meant that self-management of the cooperative has to extend to the larger society and include community development and social justice.²⁹ Over the

28 Ibid.

29 AzkarragaEtxagibel, Joseba, George Cheney and AinaraUdaondo, "Workers' participation in a Globalized Market: Reflections on and from

past six decades, Mondragon has grown into a complex network of cooperatives, that include banking, social welfare, consumer and worker cooperatives with over 83,000 worker members, 15 technology centres, and a total revenue of €14,081 (million) in 2013. It is the seventh largest business group in Spain and the largest in the Basque country. Like ULCCS, Mondragon's growth and survival have required modernisation and diversification while attempting to maintain its commitment to its cooperative principles and values. This has not been an easy mix with the degeneration of some of its principles³⁰ leading cooperative members to raise concerns over the degeneration of their values and principles in the early 2000s. Members' commitment and the constant self-reflexive process of re-evaluating the cooperative in terms of its values and principles has been an important strength of Mondragon. As a result, in 2007 Mondragon initiated a massive programme to look at enhancing and deepening democratic structures, member participation, and deliberation processes.³¹ Mondragon is self-consciously trying to ensure that its values and principles that place people before profits are not lost in the complex globalising market economy in which they operate. What is particularly noteworthy is that members themselves are raising concerns about the direction the Mondragon group has taken and are insisting on deepening and extending democracy as part of the revival of its values and principles. However, without a broader movement and alternative markets, experiences like Mondragon will be the norm for cooperatives

Mondragon" in *Alternative Work Organizations*, edited by Maurizio Atzeni, 2012, p.78.

30 PineiroHarnecker, Camila, "Introduction" in *Cooperatives and Socialism: a view from Cuba*, edited by CamilaPineiroHarnecker, London: Palgrave, 2013, pp. 1-24.

31 AzkarragaEtxagibel, Joseba, George Cheney and AinaraUdaondo, "Workers' participation in a Globalized Market: Reflections on and from Mondragon" in *Alternative Work Organizations*, edited by Maurizio Atzeni, 2012, pp.76-102; AltunaGabilondo, Larraitz, Aitzol Loyola Idiakez, and EneritzPagaldayTricio, "Mondragon: the Dilemmas of a Mature Cooperativism" in *Cooperatives and Socialism: a view from Cuba*, edited by CamilaPineiroHarnecker, London: Palgrave, 2013, pp. 167-189.

trying to create alternatives to capitalist relations.

The distinction between bottom-up versus top-down approaches to cooperative formation translates into varying degrees of member commitment, levels of democracy, and capacity to survive without direct state support.

Vision and Mandate: Efficient Business Model or Alternative to Capitalism?

Another important fault line coursing through the global cooperative movement is the differing views on the core vision or mandate of cooperatives. Again, there are two primary strands: 1) cooperatives are simply an efficient business model within capitalism and 2) cooperatives are based on alternative values, principles, and vision that challenge capitalism.

One of the best examples of the business model strand is the mainstream German cooperative movement headed by the Deutscher GenossenschaftsRaiffeisen Verband (DGRV) which has 18 million members³² and is strongest in banking and agricultural sectors.³³ The DGRV cooperatives do not see themselves as social enterprises with an alternative vision or mandate, but rather as an efficient organisational form representing their members' interests in the competitive and globalised market economy. For the DGRV, the democratic dimension of the cooperatives increases efficiency and allows them to compete more effectively in the global economy. They do not see democratic decision making as a value in its own right, but rather as an efficient business model. The DGRV sees its job as representing its members' interests within capitalism largely by assisting members with access to markets, and it does not see the cooperatives' practices as challenging capitalism or creating

32 The actual number is likely to be less as some of these are double membership, for example, members of agricultural cooperatives are also members of banking cooperatives and Raiffeisens.

33 This information is based on research and interviews with the DGRV by Michelle Williams and VishwasSatgar in July 2008 for a book they are writing on the Solidarity Economy.

an alternative system of production. Unlike other cooperatives in Europe, the DGRV is adamant that its cooperative members do not need nor want any special status or particular assistance from government. They diverge from the rest of Europe in this way as other cooperative movements are pushing the European Union (EU) to provide special assistance to and conditions for cooperatives. The DGRV strongly lobbies government (it even moved office from Bonn to Berlin when the government moved) and is one of the strongest lobby groups for agricultural subsidies including subsidies for green technology for its farmers. While it is aware that such positions undermines farmers in the global south, its responsibility is to its members and thus it does not have a commitment to solidarity and social justice that extends beyond its members.³⁴ For the DGRV, its social contribution comes through taxes (its members paid €3 billion in taxes in 2008). The primary way in which democracy is practiced is through the Annual General Meeting of the DGRV and its affiliated cooperatives. For our purposes, we do not see cooperatives like the DGRV as genuine cooperatives as they are driven by market forces and their goals are tied to profits rather than social commitments.

Cooperatives with a transformative vision are worker-owned and self-managed enterprises that operate on principles and values of collective ownership, one member one vote, deliberative and democratic decision making, and an ethics of cooperation and solidarity. In contrast to capitalist enterprises that place profits at the centre, genuine cooperatives place human needs at the centre of their activities, even if they still have to ensure profits in order to survive. The point is that profit making is not the primary goal, but rather is the means to the end. Mondragon's insistence that capital is in the service of labour, rather than the capitalist formula of labour in the service of capital, is an example of a cooperative system placing human needs at the centre of the organisation. The *sine qua non* for genuine cooperatives that seek to create an

34 Interestingly, the DGRV supports cooperative development in various countries of the global south and has offices in a number of countries.

alternative to the status quo is deliberative and democratic decision making and collective self-management. There are degrees to which democracy is internalised within an organisation. Drawing on Pateman's distinction between different degrees of participation (pseudo, partial, and real),³⁵ we argue that real participation in which members are part of the deliberation over a range of decisions and have the power to make decisions and ensure they are implemented is vital for cooperatives. There are additional dimensions that indicate whether democratic participation is meaningfully incorporated into the cooperative through the range of issues deliberated on, the "extent of control" over decisions, and levels within the organisation that control is exercised.³⁶ This focus on meaningful participation does not negate the necessity for delegation of decision making at certain times for practical functioning of the cooperative. It does, however, indicate that members should be part of the regular decision making process and involved in the vital strategic decisions that affect the cooperative. For meaningful participation, members must have regular access to information and the capacity to understand the information, and transparency among the leadership is essential. Thus, the transformative vision that challenges capitalism is through a democratic, pluralist process of worker and popular control of the means of production, distribution, and consumption. Implicit in this vision is an understanding of class struggle that requires shifting power to workers and popular forces such that they increasingly make decisions about the way goods are produced, what goods need to be produced (e.g., what do people *want and need* to consume), as well as how the surplus should be distributed.

The vision of the cooperative—good business or alternative to capitalism—has far-reaching implications for the internal

35 Pateman, Carol, *Participation and Democratic Theory*. Cambridge: Cambridge University Press, [1970] 1999.

36 AzkarragaEtxagibel, Joseba, George Cheney and AinaraUdaondo, "Workers' participation in a Globalized Market: Reflections on and from Mondragon" in *Alternative Work Organizations*, edited by Maurizio Atzeni, 2012, p.86.

democracy within the organisation as well as the transformative potential of the cooperative. For cooperatives to become a challenge to capitalism they must develop the practices in their daily functioning, create the culture of solidarity, and empower members to meaningfully participate in the life of the cooperative.

The Kerala Context

India's trade union movement at large represents model of a state sponsored programme whose vision is not in any sense a transition to any form of post capitalist society. It was promoted by the colonial government as an instrument to protect the peasantry from the machinations of usurious money lenders who played havoc during the times of frequent famines. Legal frame work for the setting up of cooperatives was laid but actual promotional support was meagre. The situation changed in the post-independence period with the constitution enshrining cooperation as a Directive Principles of the Constitution and state adopting cooperation as an important component of the so called mixed economy. The most important focal point of cooperative intervention continued to be the extension of credit to the unorganised rural sector given the situation of formal institutional finance being confined to the urban organised sector. A three tier organisational structure was mooted in the states. The second major area for the cooperative intervention was the traditional and cottage industries which provided employment to vast sections in the country side but faced serious adverse pressures from the raw material and product markets resulting in abysmally low income for the producers and workers. The cooperative frame work would avoid the parasitic middle man and act as channel for state financial support. Besides the cooperatives were promoted in a variety of sectors such as consumer outlets, marketing, housing, dairying, fisheries and provision of services. As part of the planned development of the Indian economy cooperative movement made rapid expansion into a network of 0.6 million cooperatives with a membership of 250 million covering 98% of the villages.

Kerala is the one of the states in India which has a relatively more developed cooperative structure. It is a relatively

small state in the South West part of the Indian sub-continent with a population share of 2.76%. But it accounts for 17% of the cooperative membership and 7% of the share capital.³⁷ The growth of the cooperatives in Kerala though inescapably intertwined with the national initiatives they also reflect the tradition of public action and high density of grass root level social organisations. The pressures from below for fashioning state level policies promoting civil rights, social equality, collective bargaining, land reforms and public provisioning of education, health care and social security was the prime mover in Kerala's achievements in the social sectors for which the state is famous for. Relatively at a low level of economic development, thus the region has succeeded in ensuring basic needs to its citizens and quality of life much higher than other states in India. Kerala has a human development index of 0.625 while the Indian average is 0.504.³⁸ The relatively higher achievement of social development has a history extending over a century starting with the social reform movement in the late 19th century and their impact on the state's policies, it may be noted that Kerala's social advance continued to gain momentum in the post-independence period, as can be seen from the table 1.1.

Table 1 Selected developmental indicators, Kerala and India, 1951 and 2001

Indicator	Kerala	India
(a) Literacy rate, 1951 (%)	40.7	16.6
(b) Literacy rate, 2011 (%)	93.9	74.0
(c) Expectation of life at birth (in years)		
Men, 1951-60	46.2	41.9

37 National Co-operative Union of India, Indian Co-operative Movement - A Statistical Profile 2012 page 126,

38 M.H. Suryanarayana, AnkushAgrawal and K. SeetaPrabhu, Inequality- adjusted Human Development Index for India's States , United Nations Development Programme New Delhi, 2011

Men, 2011	70.0	62.6
Women, 1951-60	50.0	40.6
Women, 2011	76.0	64.0
(d) Birth rate per 1000,1951-60	38.9	41.7
(e) Birth rate per 1000, 2011	14.6	22.1
(h) Infant mortality rate, per 1000 live births, 1951-60	120	140
(i) Infant mortality rate, per 1000 live births, 2011	11	47
(j) Females per 1000 males in the population, 1961	1022	941
(k) Females per 1000 males in the population, 2011	1084	940

Sources: AKG Centre for Research & Studies, Development Report, International Congress on Kerala Studies, Vol. I. p.

In 1956, the year in which the state was formed combining the erstwhile princely states of Cochin and Travancore and the district of Malabar of Madras Province, the per capita income of Kerala was estimated to be nearly 20 percent lower than the national average. While social indicators in Kerala were better than the Indian average, they were also abysmally poor in absolute terms. Even in the 1950s, the average life expectancy at birth for men in Kerala was only four years higher than that of India (see Table 1.1). In the 1950s, the infant mortality rate of Kerala was 120, very close to the infant mortality rate for India that stood at 140. During the next five decades the social indicators in Kerala made a rapid advance and at a faster rate than the rest of India. Besides the tail wind of the pre-independence legacy, the redistributive strategy of development initiated by the periodic left governments have contributed in large measure to this outcome.³⁹ These included

39 Centre for Development Studies, Poverty, Unemployment and Development Policy, A Case Study of Selected Issues with Reference to Kerala, Thiruvananthapuram, 1975; Dreze, Jean and Amartya Sen, Uncertain Glory: India and its Contradictions, Princeton University Press, 2013; Frankie, Richard, W and Barbara H Chasin, Kerala State, India: Radical Reform as Developmet, in Monthly Review, Vol 42, No 8, January 1991; Heller, Patrick, Problematising the Kerala Model, in Bulletin of Concerned Asian Scholars, Vol 30, No 3, 1998; Ramachandran

land reforms, protection to collective bargaining, much higher investment in education, health care, social security and basic needs such as housing drinking water and village roads. However the initial advance in social indicators was not accompanied by a comparable improvement in the economic growth which remained below the national average until the late 1980s. This spawned a large literature from the latter half of the 1970s, when there was virtual absolute stagnation in economic growth, underlining a possible trade of between equity and growth and limits to social sector lead growth.⁴⁰ These fears were laid aside with growth picking up from the late 1980s and sustaining it through the subsequent decades raising Kerala's growth rate to above the national average.⁴¹

There were three factors that led this revival of economic growth. First, the agricultural sector in the State was responding to the stimulus of land redistribution of 1970s, though with a lag. Secondly, advances in education and health between the 1960s and 1980s were having a virtuous and endogenous impact on economic growth. Thirdly, there was a strong inflow of remittances into the State after the two oil shocks of 1973 and 1979 and the mass migration of job-seekers from Kerala to West Asia.

Though the growth rate accelerated into the 2000s there

VK, On Kerala's Development Achievement, in J. Dreze and A. Sen (eds.) *Indian Development: Selected Regional Perspectives*, pp 205-225, Oxford University Press, Delhi 1996

40 George KK, *Limits to Kerala Model of Development : An Analysis of Fiscal Crisis and Its Implications*, Centre for Development Studies, Thiruvananthapuram; Kannan KP, *Kerala Economy at Cross Roads in Economic and Political Weekly*, September 8, 1990; Tharamangalam Joseph, *The Perils of social Development without Economic Growth: The Development Debacle of Kerala in Bulletin of Concerned Asian Scholars*, Vol 30 No1, 1998 and 'A Rejoinder' in Vol 30, No4;

41 K P Kannan, *Kerala's Turnaround in Growth, Role of Social Development, Remittances and Reform*, *Economic and Political Weekly*, February 5, 2005; AchinChakraborty, *Kerala's Changing Development Narratives*, EPW, Vol. 40, Issue No. 06, 05 Feb, 2005

appeared two disquieting trends.⁴² First, the growth of agriculture was ended primarily by the sharp fall in agricultural prices after 1997–98. From 1997–98, soon after India signed the WTO agreement, agricultural commodity prices in Kerala sharply fell for a prolonged period. Agriculture and industry did not participate in this period of rapid growth. The annual rate of growth in agriculture between 1997–98 and 2013-14 was just 0.4 per cent. The annual rate of growth in manufacturing also fell between 1997–98 and 2008-09 to 4.31 per cent per annum. Growth came to be dependent primarily on the services sector. The share of services in NSDP rose from 60 per cent in 2004-05 to 71 per cent in 2013-14. Secondly, inequality rose sharply in the State during the 2000s. In 2004-05, Kerala's Gini co-efficient for consumption expenditure was 0.34 in rural areas and 0.40 in urban areas. In 2009-10, the Gini co-efficient was 0.42 in rural areas and 0.50 in urban areas. In other words, the rapid growth of the 2000s had deeply un-equalising impacts in the society across classes and castes. Worse still the overall growth has also begun to decelerate in recent years.⁴³

Is it possible to have a regional progressive alternative development strategy in the above circumstances given the neo-liberal policy environment? The neo-liberal policies that are being pursued by the central government have further undermined the federal autonomy of the states and makes it harder to pursue an alternative development strategy. Nevertheless, the Left that constitutes the dominant political combination in Kerala has to address the immediate needs of the people but also provide an alternative development strategy to ensure rapid growth of productive forces.

The new strategy has been discussed as that of walking solidly on

42 AKG Centre for Research and Studies, Vol. I, Ch. 1

43 Sreeraj AP and VamsiVakulabharanam, High Growth and Rising Inequality in Kerala Since the 1980s, Oxford Development Studies, November 12, 2015; Subramanian, KK and Prasad S, Rising Inequality with High Growth: Isn't this trend worrisome? Analysis of Kerala Experience. Working Paper No 401, Centre for Development Studies, Thiruvananthapuram, 2008

two feet. One foot is comprehensive social security and welfare measures for the people, protection of the traditional livelihoods, public health and education and special programmes for the marginalised, including main streaming of gender. Except perhaps for increasing concern about gender, Kerala's development focus has always been heavily biased towards these social concerns. But a number of new, second generation problems, particularly, in health and education sectors have emerged.

But one cannot hop around on one foot alone for long. So the second foot of rapid growth of productive sectors so that quality jobs, in accordance with the expectations of the educated young generations have to be created. The industrial growth based on labour intensive traditional industries or energy intensive, chemical industries, upon which Kerala has been dependent so far, have reached a dead end. Kerala needs to urgently shift to new sunrise sectors such as knowledge industries, service industries and skill based industries and so on which are more appropriate to its resource endowments.⁴⁴ This transition cannot be achieved without attracting private capital in a large way into these sectors. For this purpose, the Left government cannot agree to renounce the labour laws, dilute environmental laws or abolish land utilisation laws. The present budgetary situation does not permit to provide any competitive tax concessions also. So why should any capital come to Kerala? Solution lies in building world class infrastructure in connectivity and industrial common facilities. And also a major up-gradation of our social infrastructure in education and health care. Given the fiscal crises of the state and the three percent limit for public borrowing imposed by the FRBM Act, what is the left fiscal alternative? The answer lies in systematising and expanding the present practice of centre and state governments to set up special purpose vehicles to mobilise resources and implement major infrastructure projects.

44 Jayan Thomas, 'Kerala's Industrial Backwardness: A Case of Path Dependence in Industrialization?' *World Development*, May 2005, Vol.33, No.5, pp. 763-783

What the role of the cooperatives in such an alternative development strategy is as is proposed above? The cooperatives would have three important roles to play.⁴⁵ First, the social security strategy includes not only the insurance and direct ameliorative measures but also employment guarantee and modernization of agriculture and traditional industries where preponderant majority of the poor are located. The cooperatives will be the basic social frame work for such reorganisation. Second, it is proposed to restructure the three tire credit cooperatives that account for 70% of the total cooperative deposits in the country into two tire structure so that the apex body will emerge us the largest bank in the state. Such financial institution can play a very important role in mobilizing resources for development. Three, with a huge step up in infrastructure investment appropriate contracting agencies are required for efficient and time bound implementation. Here cooperatives such as ULCCS, which is already one of the largest infrastructure contractors in Kerala and a model for cooperative egalitarian and democratic ethics, would play an important role.

45 For details on KIIFB, visit www.kiifb.kerala.gov.in and Left Democratic Front, Kerala State Election Manifesto, 2016 and Budget Speech by Thomas Isaac in the Kerala Legislative Assembly, July 2016

P Krishnaprasad

AIKS Perspective on Agrarian crisis - Role of worker-peasant social cooperatives

Introduction

The agrarian crisis in India which forced more than three lakh farmers to commit suicide during the last decades is being further intensified in the context of the systemic crisis of world capitalism and the consequent global recession. With the NDA government vigorously pursuing the corporatization in the sector during this period, agriculture will remain as the crucial thrust area of class conflict where large scale mobilization of the peasantry must be developed to rage across the country in the coming days against the onslaught on petty production by the corporate forces backed by international finance capital.



The AIKS in its 33rd conference in 2013 discussed this issue and adopted a commission paper 'on peasant cooperatives and reorganizing production relations in agriculture'. The paper deals with the significance of mobilizing the peasantry and the rural working class in collectives and cooperatives with active involvement of modern working class against the exploitation, politicize them and make them part of larger united movement to resist and challenge the corporate forces and the capitalist land lord class that facilitate the present exploitative social order.

This workshop at Hyderabad on 11th and 12th July 2019 deals with the practical aspects of implementation of the perspective of AIKS as explained in the commission paper in the contemporary circumstances, the major issues and priorities before the peasant movement and the worker- peasant social cooperatives.

Minimum Wage and Minimum Support Price - Modes of Exploitation

The Neo liberal era represents the major trend of systematic withdrawal of the State from public investment on agriculture and the deregulation of Public Sector Units which have pivotal role on self-reliance in all spheres of economy. The severe onslaught on petty production and the resultant non-viability of cultivation facilitates overall taking-over of agriculture by corporate forces backed with 100% FDI (Foreign Direct Investment), Contract farming and numerous Free Trade Agreements. This has manifested as rapid increase in landlessness, acute indebtedness, massive farm suicides and alarming distress migration.

The iron grip of corporate houses on the modern large agro-processing industries, input as well as output, help them to establish crucial dominance over raw material as well as consumer markets. As per the studies available, world over, only ten percent of the value of the consumer products made out of raw agricultural products goes back to the primary producers. The remaining 90 percent is shared among capitalist class and their middlemen on trade, industrial processing, logistic, retail market and media/publicity industry. The negation of minimum support price to the

petty producers is one of the main modes of exploitation under capitalist market.

Corporatization of agriculture aims at centralization of land, appropriation of means of production, logistics and advance towards large scale production based on suitable technology and thus tends to wipe out petty producers from cultivation. The capitalist industry and peasant agriculture can never expand alongside since there are conflicting interests.

This is an historical process of pauperisation and consequent proletarianisation of the peasantry. In the long run the peasantry will lose land, cattle and all other means of production, doomed to acute indebtedness and forced to be part of the reserve army of laborers - rural/migrant workers- starved of minimum wages thus become the most exploited social sections.

These two crucial modes of exploitation -denial of minimum wage and minimum support price and consequent rigorous pauperization is the most powerful motive of the peasantry to revolt and ally with the working class to transcend capitalism. The two slogans of minimum wage and minimum support price are going to be the fulcrum of future struggles in agrarian sector under the corporate regime alike the popular slogan of 'land to the tiller' during the pre independence colonial period.

Shift to Large Scale Production, value addition and marketing

The mode of Petty production lacks the scale of economics for viable agriculture due to limited land area, non-availability of credit, lack of ability to hire labor etc. This situation requires reorganizing the existing relations in production under cooperative and collective management, while keeping individual ownership. The utilisation of technology and finance under collective management will promote the peasants and other petty producers to shift to large scale production with self motivation.

Combining production with experiments to build large scale agro processing industries and expanding market network along with logistic industry for stock and transportation under the aegis of

worker-peasant social cooperatives can avoid intermediaries and resist neo-liberal market exploitation to certain extent. Like strengthening the public sector, strengthening the cooperative sector can be an equally important slogan against the widespread privatization. This strategy will be inevitable to challenge the dominance of corporate forces over agro processing and marketing.

Significance of Differentiating State and Social Cooperatives

If we consider the earliest form of organization of working people in the world, co-operatives were conceived as socially owned and operated organizations, operate on a non-profit basis, driven by member needs and not capital. Over the years, they exemplified the importance of worker cooperation and underlined the potential of organization, solidarity, mutual assistance and unity of action of working people in a capitalist society.

The organization of social production through co-operatives exists in different countries in different historical and socio-political contexts. Co-operatives exist in a variety of societies, and the central characteristic of co-operatives has always been to leverage the benefits of scale of production and the spirit of community action to both improve profitability and to resist unregulated profiteering.

In a capitalist society, however, the cooperative institutions are controlled and regulated by State apparatus through legislations in order to supplement capitalist development. They are bound to cater the interests of capitalist class and traverse with all ills like corruption, bureaucratic authoritarianism and apathy towards protecting the interests of the peasants and workers. Hence while mobilising poor and marginal peasantry and rural workers into collective production enterprises differentiating State owned co-operatives with worker-peasant owned Social Co-operatives is crucial. A strategy of simultaneous process of intervening in Government cooperatives legislated by the State and controlled by bureaucrats from above as well as peasants and workers creating their own Social Co-operatives from below may be explored.

Cooperatives as a weapon in struggle

Social cooperatives formed by peasants and workers without the direct involvement of Government on its administration can be a positive part of the class struggle within the capitalist production relations against capitalist exploitation. Such Social cooperatives can work comparatively free from day to day control and regulation of the State and free from land lord –rich peasant dominance.

The peasantry can be mobilized on the basis of their immediate issues such as credit, price and market. In addition to the struggles on demands, the formation of collectives and cooperatives will help to develop alternate models which can motivate and give some immediate relief to the peasants by direct interventions. In the process, the conflicts will develop with the capitalist landlord class and the state. This will help in politicization of the peasantry and through struggles consolidation of the alliance with the working class.

Bureaucracy Vs Worker Self Management

Social Cooperatives can develop skills among peasants and workers for managing production democratically with worker self-management and worker control in order to create in future an exploitation free society. The basic foundation of the society is depending on appropriation and distribution of surplus among the workers and member peasants. Such a true social cooperative can introduce limited but exciting aspects of egalitarian social relations.

Workers and managers working together under worker self management system by eliminating all bureaucratic authoritarianism and other ills will enable the working class to undertake the leadership role in shaping new forms of production relations to share the surplus with the primary producers thus empower them to take over the responsibility to create new social order free from exploitation.

Cooperatives and the Central Government

Neo-liberal policies have posed severe challenges to even State owned co-operatives in eroding their autonomy by increasing

governmental and bureaucratic interference. There are blatant attempt to centralize capital and power by over-riding the State in India's federal structure and also the autonomy of the credit co-operatives as part of Government of India's reform programs for intensifying corporatization of agriculture by supporting the big capital to establish its predominance over the vast agriculture credit sector. Now advocates of neo-liberalism are trying to hijack the concept of cooperative to their advantage by trying to make them adjuncts of neo-liberal economic model by promoting producer companies among farmers and the budget 2019-20 placed by Nirmala Sitharaman, has announced 10000 FPO's to support market forces in order to aid agribusiness to have cheap procurement by avoiding middlemen.

Land and collective farming

The neoliberal policies of land acquisition, changes in land use, land reform and tenancy acts etc favoring landlords and corporates, in addition to the other trends of small and marginal peasants quitting agriculture, absentee landlordism, reverse land reforms etc due to the agrarian crisis is endangering the food production in our country and thereby our self reliance.

While intensifying the struggles against these, efforts for collective and cooperative farming will act as a weapon in the hands of the peasantry and agricultural workers with a better surplus sharing mechanism and better wages decided collectively. The State as well as Central Governments must be pressurised to promote and invest on peasants and agricultural worker's social cooperatives instead of extending subsidies to corporate sector.

Not only the production but procurement, processing and marketing can also be attempted to protect the peasantry from exploitation by corporate forces and middlemen.

Agro- Processing Industry and crop wise mobilisation

The capitalist production in agriculture has developed mono cultivation in large tracts of land. Establishing crop wise agro processing industries with the extensive use of science and

technology and marketing networks is a precondition for large-scale agricultural production. In this context in order to develop cooperative agriculture production by involving the small holder peasantry, our efforts for mobilizing the peasantry based on crops can be extended to establish crop wise modern agro processing industries. Along with that procurement facilities of ware houses and cold storages also shall be developed collectively.

Transforming agricultural worker as modern farm worker

The vision of transcending the class base of agricultural workers as modern industrial farm worker with training and placement as capable of handling modern farm implements to avoid arduous toil, with stable and remunerative wage for decent living, and all other employment rights and social security will help to prevent the trend of distress migration of labour.

Procurement and Marketing to eliminate intermediaries

Social cooperatives of peasants and workers undertaking direct procurement of agricultural produce by eliminating intermediaries and their exploitation to establish processing industries and engaged in direct marketing of value added products shall help to generate surplus income considerably.

Capital mobilization

In building social cooperatives, peasants and agricultural workers can be considered as the primary source of required capital mobilization along with support from local community. Compulsory financial assistance from State and Central Governments must be ensured through social and political pressure.

Appropriation and sharing of surplus

The most basic feature of social cooperative is that instead of amassing as private profit, the surplus will be shared with the primary producers and workers along with investing for further modernization of agriculture. Through this cooperatives can guarantee minimum wage and minimum support price to the workers and peasants respectively.

Worker - Peasant alliance

In the background of the onslaught on petty production, the peasantry has to emerge as independent, united and organized social force beyond caste and other socio-political divisions to pressurise Government to bring in alternative policies in support of the crisis-ridden peasantry. This can only be achieved with the intensification of struggles with the active support of the working class which will ensure a political atmosphere in support of social co-operatives. The foundation of worker - peasant social co-operatives lay with the alliance of poor and marginal farmers and agricultural workers under the larger worker-peasant alliance.

Possibility of rich peasantry joining hands

The supremacy of large-scale production over small-scale production help the rich peasant sections to free from the illusions on neo-liberal reforms, compel them to join hands with social co-operatives of the peasants. It will facilitate larger unity among the peasantry and agriculture workers.

Few Experiences of Cooperatives in India

We have the rich experience of building alternatives as part of the freedom struggle against the British colonialism. Institutions from schools to factories were established under the leadership of national movement with the support of the local community with the principle of cooperation. It was the Kheira Dairy Farmers Cooperative started in 1946 in Gujarat to resist monopoly of a private milk company that developed later as the outstanding model 'Amul'. After Independence, the cooperatives were given important share in the economy and even now cooperative sector is contributing substantially to cater the needs of the people. However in States dominated by bourgeois-landlord social classes cooperatives in general are under the land lord- rich peasant control. Sugar cooperatives in states like Maharashtra are example in this regard. The democratization of such cooperatives by ensuring the role of poor and middle peasants and agricultural workers in management and decision making needs to be explored.

Importance of Processing, value addition and marketing

State owned cooperatives are working in different sectors and widespread in services and finance sector. However there are few cooperatives which are successful in production, value addition and marketing which are the crucial sectors as far as the surplus extraction from the primary producers are concerned. The building of modern industrial society mainly depends on processing industries especially based on agriculture and allied sector. Hence, peasant and working class movement have to demand huge network of cooperative institutions to be developed in these sectors in order to ensure the scale of economics through large scale production will benefit the petty producers. In States where land reform has been accomplished, developing large scale agro processing industries and market under social cooperatives will help the peasantry to take its advantage in order to attain minimum wage and minimum support price. In fact, whether the corporate or the social co-operatives will dominate and control the processing industry, value addition and consumer market is the crucial area of class struggle in agrarian sector.

Struggles and movements - pre condition for building social cooperatives

While promoting social cooperatives in the crucial sectors like processing and marketing, certain level of political support and mass influence in the local society is essential to resist hostile interventions from capitalist social sections and market forces. In order to pressurize the State to bring inevitable policy changes and give necessary investments for social cooperatives also protracted struggles and widespread campaigns are essential.

The Left and Democratic state governments shall prioritize effective legislations and financial assistance to establish crop wise large agro processing industries, marketing networks under social cooperatives of workers and peasants.

No compromise, No collaboration, No reformism

Thus social cooperative movement is part of the class struggle

under and against capitalism and can aid, support and protect the peasants and petty producers. On the other hand, we need to be extremely aware that the possibilities of co-operativisation are limited by the nature of class relations in each agrarian context. Co-operativisation, given the uneven growth of agrarian capitalism in India today, is not a blanket solution for the crisis in the agrarian sector. In regions where the land question continues to be the central political slogan, co-operativisation cannot become an agenda that diverts attention from efforts to address the primary contradiction.

There shall not be any reformist influence to create illusions that social cooperatives are panacea to overcome agrarian crisis and alternative to corporatization of agriculture and can bring social change on its own. It is one among many ways towards resistance building against corporate exploitation and can only facilitate advancing struggles towards social change.

The role of worker –peasant alliance

Agrarian revolution is the base of democratic stage of social transformation and in the present context in India only the alliance of modern working class and the peasantry can undertake the struggle to overcome the acute agrarian crisis by resisting and push back the Neo-liberal forces. In this regard, in parallel to developing struggles, building Social Cooperatives as explained in the AIKS commission paper has a fundamental role in providing immediate relief and protecting the livelihood of the toiling masses. The various co-operative movements and institutions who are attending this workshop can interact and communicate how to work together in this direction in future. The Trade Unions and peasant movement who are very active across the country in mobilizing struggles against the exploitative social order can provide leadership in accomplishing this huge and historic task. Let us hope the deliberations in this workshop will help to evolve concrete results ahead.

End

N K Shukla

Social Cooperative for Peasantry and AgriWorkers

In the period of brazen and aggressive liberalisation, privatisation and corporatisation, the AIKS and AIAWU leadership and cadres should think , explore and experiment forming social cooperatives as to defend the interests of peasantry and agricultural workers, while in no way weakening the intense struggles we are waging against anti-peoples polices,perused by procorporate central government and a number of state governments.

It would be relevant to note some comments and conclusions made in Commission papers adopted by the 33rd Conference of All India KisanSabha with the caption “ Peasant co-operatives and Reorganizing Production Relations in Agriculture”

Social Cooperatives

“Co-operatives as socially owned and operated organizations that operate on a non-profit basis, driven by member needs and not capital is the earliest form of organization of working people in the world. Over the years, they exemplified the importance of worker cooperation and underlined the potential of organization, solidarity, mutual assistance and unity of action of working people in a capitalist society. The organization of social production through co-operatives exists in different countries in different historical and socio-political contexts. Co-operatives exist in a variety of societies, and the central characteristic of co-operatives has always been to leverage the benefits of scale of production and the spirit of community action to both improve profitability and to resist unregulated profiteering. However, in the capitalist society, cooperative institutions are controlled and regulated by state apparatus through legislations in order to supplement capitalist development. They are bound to cater the interests of capitalist class and traverse with all ills like corruption, bureaucratic authoritarianism and apathy towards protecting the interests of the peasants and workers.

“A simultaneous process of intervening in Government cooperatives legislated by the State from above and controlled by bureaucrats as well as peasants and workers creating their own co-operatives from below may be explored. Such social cooperatives formed by peasants and workers without the direct involvement of Government on its administration can be a positive part of the class struggle within the capitalist production relations against capitalist exploitation. Social cooperatives can work comparatively free from day to day control and regulation of the State and free from land lord –rich peasant dominance. It can develop skills among peasants and workers for managing production democratically with worker self-management in a future exploitation free society and it can introduce limited but exciting aspects of egalitarian social relations.”

On Land Use

“In such a context the recent victory of Tenant Farmers’ in Andhra Pradesh (and Telengana) where an Ordinance has been passed

to register tenants which is likely to benefit nearly 6 lakh tenant farmers opens the possibility of similar efforts in States where the issue is related to absentee landlordism and insecure tenancies with deprivation of agricultural credit and subsidies. In States where the issue is of letting land fallow and uncultivated the possibility of striving to bring legislations to the effect that peasant's and worker's social cooperatives shall be formed and promoted and all such fallow agricultural land shall be cultivated collectively under cooperatives. This may be possible while protecting the private ownership on land. The cooperatives in consultation with its member landowners shall work out surplus sharing mechanism. The cooperatives can hold not only production but procurement, processing and marketing also and protect the peasantry from exploitation by corporate forces and middlemen. The State and Central Government may be pressurized to promote and invest on peasant's and agricultural worker's social cooperatives rather than subsidies corporate sector as in the PPP model under RKVY schemes and promotion of producer companies. "

Agro- Processing Industry

"Establishing crop wise modern agro processing industries supported with the extensive use of science and technology is a precondition for large-scale agricultural production involving the smallholder peasantry. The procurement facilities of ware houses and cold storages also shall be developed collectively by backward and forward integration. The training and placement of agricultural workers shall contain the vision of transcending their class base as modern industrial farm worker capable of handling modern farm implements to avoid arduous toil, with stable and remunerative wage for decent living and all other employment rights and social security to prevent the trend of distress migration of labour."

Social Cooperative Movement

"The private ownership of farmers over the land shall not be denied in the co-operative plan. Likewise, the bureaucratic control of the Government shall not be allowed over the management of cooperative institutions. Only the producers and workers who contribute on production shall be eligible to be members and elected

representatives of peasant co-operatives to avoid power grabbing by various political groups. Certain level of political support and mass influence in the local society is essential to resist hostile interventions from capitalist social sections and market forces and also to facilitate mobilizations and struggles to pressurize the State to bring inevitable policy changes and give necessary investments for social cooperatives. However, that does not imply that cooperatives are not replicable and should not be attempted to even in weaker States. We shall envisage Social Cooperative Movement as independent mass movement beyond political affiliations and all the progressive and democratic social sections and organized movements especially of the peasantry and the working class shall extend whole hearted support to that.”

“Developing struggles to launch peasant co-operatives will provide ample political space to mobilize and politicize peasantry. And the model of co-operative agriculture against corporate agriculture can be a slogan of struggle in mobilising the vast peasant masses politically to protect peasant agriculture against the onslaught of neo-liberal forces and imperialist globalization.”

Conclusion

We should share the experiences of various types of cooperatives in different states and sectors and opine on –

How can we use the cooperatives in a particular state or sector to defend the interests of peasantry and workers?

We should categorise the experience and tasks according to the strength of the movement in –

- a) States, where kisan and agri workers movements are strong
- b) States, where the movement is not so strong
- c) States, where the movement is weak

3. Based on these experiences, we should try to chalk out the tasks, in consultation with the experts as to challenge and resist onslaught of pro corporate neoliberal policies, in order to defend the interest of peasantry and agri workers to the maximum besides organizing and accelerating the independent and united movements on concrete and burning issues.

Prof. Dinesh Abrol

Formation of cooperatives for worker peasant alliance building: Points for consideration of AIKS and AIAWU

Introduction

The agrarian movements led by the All India Kisan Sabha (AIKS) and the All India Agricultural Workers Union (AIAWU) are considering the formation of cooperatives at a critical juncture when there have emerged the new sources of primitive capitalist accumulation that will further affect adversely primary productivity and a new political and economic order allowing to accelerate the external (extra economic) interventions capable of forcibly separating petty producers from their means of production. The ruling classes are taking the path of reconfiguring the political, social, legal and cultural means to exercise hegemony over the people

on the ground in the countryside. Their external intervention has already shown political, economic, social, cultural and ecological ramifications on the fronts of land acquisition, labour reforms, cattle economy and forest and coastal management. The agrarian movement needs to factor in all of these developments in the building of agenda of cooperation in production to contribute to the democratic resolution of the agrarian question through the perusal of contiguous area wide worker peasant alliance building. A new approach to struggle making and organization building for the purpose of intervening on the ground in the countryside for the promotion of cooperation in production is the need of the day.

The AIKS and AIAWU should cast the net wide to promote the cooperation of petty producers and workers in production through the development of not just cooperatives but also group enterprises, labour collectives and farmer producer organizations. All of these organizational forms would have to be utilized as a political tool in the sense that the interventions of cooperation in production improve the prospects of planned contiguous area wide mobilization to build the structures and processes of worker peasant alliance through local units of AIKS and AIAWU. The structures of worker-peasant alliance building will require the mobilization of the petty producers and workers through the formation of common platforms to be jointly evolved jointly by the AIKS and AIAWU on the ground for the coordinated perusal of programmes for two types of political action plans. One set of action plans will focus on the struggles to be launched to get the governments at the Centre and State level to revitalize the sources of primary productivity (soil and water management, land cover development, biodiversity regeneration) through public investment. The second set of action plans will aim to gain control over the system of development of markets, finance, interactive learning, competence building, knowledge generation and extension and technology implementation.

The AIKS and AIAWU will be required to prepare programmes and action plans for intervening in the relevant domains of cooperation in production with the aim to gain new entitlements by organizing the petty producers and workers for seeking a greater share

for themselves in the outcomes of government schemes under implementation for the regeneration of local resources, markets and capabilities. To secure a greater social control for the peasantry as a whole but for poor and middle peasants as the core of the worker-peasant alliance in collaboration with the landless, rural workers and artisans, the AIKS and AIAWU will have to meet the challenge of evolving the tactics of how to catalyse organization building in the relevant domain of cooperation in production.

The movement will face the power of new rural oligarchs on the ground and can expect even violent opposition on the ground from them in their own area of operation. The tactics of isolating the class enemy and forging the widest possible unity will have to be locally decided to get started by choosing the weakest link of the chains of control for organization building. As a new mode of regulation of social norms, economy, ecology and culture based on external intervention of the right-wing authoritarian populist politics is in making the agrarian movement will have to strive for gaining due political legitimacy from the semi-proletariat who constitute a vast majority of the countryside and the rest of the peasantry through the creation of a new political narrative for the establishment of new social norms, economy, ecology and culture to lay the foundations of a new path to rural prosperity.

Struggles for social / public control over the existing commons and the new commons capable of being developed locally with the help of public and private investment would have to be planned and implemented in the contiguous area of operation of the movement. This task would require us to gain political legitimacy from the maximum possible sections of the rural communities for the achievement of goals of redistributive justice and for the new path to agricultural development based on the primacy of agro-ecological approaches in the area. The movement will have to gain legitimacy for the enhancement of primary productivity, regeneration of natural resources, local value addition, access to infrastructure and markets to make the assets accessible to the petty producers and workers for intervening in the domains of input production and product markets development.

Often this will also require the AIKS and AIAWU to coordinate, synchronize and synergize the efforts of the local units to successfully undertake the exercise of political negotiation and competition with the capitalist landlords who have de facto monopoly over political power in the area to make advances in respect of the redistribution of resources, capabilities and markets evolving in respect of access to water, water bodies, tanks, wetlands, grazing lands, seed commons for the production of crops and livestock rearing, public infrastructure for input provision and community storage and access to local, regional and national markets.

The areas of cooperation in production should target not only to get the peasantry better prices and the workers more wages but also to organize the semi-proletariat for the formation of cooperatives to gain improved access to local resources, capabilities and markets. In order to upgrade their own livelihoods the petty producers and rural workers will have to identify the opportunities existing on the ground for the peasantry as a whole and the semi-proletariat and rural workers to come together to take forward the agenda of 1) redistribution of assets, 2) formation of new joint assets, 3) creation of new commons, 4) reduction of risk and 5) efficiency improvement.

The petty producers and workers will have to be brought together to achieve the enhancement of primary productivity, economic diversification, ecological integration, local production of inputs, labour cooperatives and banks, post-harvest off-farm operations, value addition and many other such goals. Below we discuss the issue of redistribution of access to commons in land and water with the focus on drought management as a tool of not only the enhancement of primary productivity as a new pathway of agro-ecological approaches but also as a tool for forging the unity of peasantry (semi-proletariat in particular) and rural workers in the area of operation of the agrarian movements in the countryside.

Section I

Cooperating for enhanced access to common resources, markets and competencies

Cooperation in production is becoming an imperative on the ground to make any further advance on the agrarian front in the countryside. Under the new and emerging conditions, struggles of the kisans and rural workers need to synchronize the struggle against the policies of a neo-liberal state with the cooperation in production through competition in the local markets. Struggles for political competition and market competition would need to coincide with the struggle of the semi-proletariat population against the capitalist landlords to break the monopoly of this class over land and water, public infrastructure and markets, institutions for capability building and so on. The question of worker peasant alliance is today also a question of getting the semi-proletariat population to obtain a higher level of access to water and biomass.

In the countryside, the access to water and biomass is an outcome of public investments being undertaken by the governments at the centre and states. Access to water and biomass (fodder, fuel and food) need to be gained from not only the common lands but also from the private farm lands for the semi-proletariat populations. Ground water belongs to all, be it is available in the form of public sources or it is available underground for the private farms. New entitlements should be in making in the countryside when the state investment or the private investment is the basis of the outcomes with regard to water and biomass. Needless to say, the people have a right to water or any other such resource which is required to be treated as a public common. The example of the schemes undertaken by the central and state governments for the expansion of irrigation in the form of surface and ground water, local afforestation, restoration of water bodies and tanks and many other new assets being created as public infrastructure.

Today these investments are bestowing new entitlements in a skewed manner. Benefits are flowing to mainly the large owners of land and cattle wealth and other such assets. The worker, landless

peasant, tenant farmers, livestock rearing farmers, fishermen and collectors and gatherers of primary produce should equally benefit from the outcomes of these public investments in the form of access to water and biomass as a right. The semi-proletariat and rural proletariat should gain access to resources, capabilities and markets in making through the new and old investments of the Indian state and be allowed to contribute to improving the primary productivity (the necessary condition for sustainability of food and agricultural production).

The agrarian movement needs to recognize that peasants and workers will continue to be present in large numbers as semi-proletariat for a long time to come in India. Recognizing that a great variety of agrarian formation (s) exist the agrarian movement should try to bring together "all in semi-proletariat" to be organized as associated producers through cooperative forms of production to build secure livelihood in terms of not just securing wage income but also more of crop income, livestock and animal husbandry income and non-agricultural business involving rural non-farm systems of production.

Today the landless, poor peasants, artisans, petty producers undertaking livestock rearing, fisheries, various types of collection and gathering of biomass from common lands and private farms, forest lands, tanks, water bodies and wetlands agriculture and allied sectors are being forced to engage in market competition with the powerful sections of the society including national and transnational capital to obtain access to resources, capabilities and markets. Equitable access to water especially and to eco-system resources is an important component for creating sustainable and assured livelihoods for the rural population and for managing even the vulnerabilities of semi-proletariat out of the recurring drought conditions in different parts of the country.

The landless and rural poor must acquire a positive stake in the development of eco-system resources. No eco-system resource development plan can be successful without the cooperation of poor and landless. Cooperation in production needs to target the

redistributive dimension and primary productivity enhancement through soil and water and biodiversity management as co-benefits of the interventions required to be made by the governments as public investment. Cooperation of the semi-proletarian populations across the system of production for the upgrading of ecosystem services should be an integral part of the new strategy of agricultural development to make them the custodian of natural wealth.

There is the need to change our own conceptions of who has a right to what resource and how. In the conventional approach, the right to water is seen as conjoined to land. Currently the access to water is therefore completely skewed in favour of large land owners. Especially those who are close to the water source gain far more compared to poor and middle peasant households. The landless are usually excluded. Water is the basis of livelihood, irrespective of the size of the land holding, the household has a right to water necessary for livelihood either in the form of directly water or the usufruct obtaining from the augmentation of water underway in the watershed programme.

Drinking and domestic water needs for everyone stand at the top. Next comes the needs of the cattle and the minimum regenerative needs of the eco-system, that is, water for greening, nurseries, fisheries, etc. Next comes basic service, the minimum water that needs to be assured to everyone making a living dependent on agriculture including landless labourers. Only after these prior rights are met can water be made available for commercial production over and above these needs. Special provisions are necessary for ensuring livelihood for the landless and poor peasants, providing for independent source of income for women and expanding processing and value adding activity for the artisans and landless.

Many arrangements are possible. Suitable arrangements for annual or seasonal leasing can be thought of. The landless may be provided with wasteland, either private or common, for biomass production and a right to annual biomass yields through produce sharing arrangements. Equity has an environmentally regenerative aspect that the watershed programmes tend to often overlook.

The conventional irrigation practice concentrates irrigation on a much smaller area, not only produces skewed benefit sharing but also different types of environmental problems like water logging, salinization, etc., Further accentuated by intensive use of inputs based on non-renewable fossil resources-based energy forms and materials such as fertilizers, pesticides, water, etc.

Water needs to become the basis for the production of renewable resources-based energy and material forms to undertake in the near future the up gradation of the ecosystem as a whole. The issue of prioritization of water use raises the challenge of how to deal with the demand for water in the case of the large landowner and the enterprising farmers who need to get extra water. The state and society need to be put under pressure for the priority of planning in advance for drought proofing.

A greater assurance for the basic service to all-dependability on local resources needs to be planned for at least four out of five years in the case of basic service being assured. The organization of semi-proletariat can help to prioritize ecological and basic needs of the people dependent for fuel wood, fodder, food and economic produce for rural industries on the commons. A just distribution of the resources under creation for the people dependent on agriculture and allied sectors for the livelihood is necessary to upgrade the conditions for upgrading of primary productivity of primary production on farms for all forms of agricultural and allied sector activities.

Section II

Sources of success and failure in cooperation

Factors that limit the creation of pro-poor innovation

Application of a primitive notion of competitiveness to rural producers: in India, pro-poor innovation-making activity for cooperation in production has suffered from the implementation of a primitive conception of competitiveness. The view that innovation in rural production should be restricted to the transitional objectives of poverty alleviation has its roots in the practice of a primitive conception of structural competitiveness. The approach towards implementation of technological upgrading in the rural production has been to target the individual small producer to become individually competitive. In this approach, competitiveness of this segment gets judged by comparing the existing relative costs and prices to individual producers because there is no recognition of potential competitive advantages that might accrue through the exploitation of economies of scale and scope and cluster or network effects. Therefore, these synergies are not generated or captured and in their place, small producers are forced to accept intermediate technologies with higher costs of inputs per unit of production.

Lack of cooperation between small producers combined with lack of bargaining power: Competing large capitalist enterprises are in a position of erecting barriers to competitive access for small producers in the input and product markets and often use it. Mutual competition amongst small producers also leads to narrowed access to inputs and technologies and adversely affects the effective demand for their products. In those cases where small producers are being organized only for access to inputs and credit, the absence of cooperation in production results in mutual competition at the marketing stage that in turn breaks their existing alliances. Often both, the traders and the large-scale capitalist enterprises (competing with them in the market for the sale of products) have an interest in aiding the processes that can disrupt the cooperation

of small producers. As in turn this failure of cooperation among small producers leads to the establishment of a vicious circle for the utilization of intermediate technologies in these sectors, it is having an impact of the slowing of innovation diffusion as a whole in the economy of a country like India.

Viewing the rural producers as passive recipients rather than co-producers of innovations: A common feature of failed ventures evoked in the case studies was that the process of technology implementation was largely guided by the notion of the end users of innovation, namely poor peasants, artisans and agricultural labourers, to continue as passive recipients of the technologies selected for promotion by intermediaries. Predominantly, machine training and process demonstration is the practice in technology implementation. Technology support has been conceived in the form of one-time injection of improved hardware. This means that in the case of rural poor user support is not oriented to the task of improving the „participation“ of these end users in the process of development of intermediate or appropriate technologies.

Applying a pure market cost-benefit analysis without taking into account externalities: In the case studies presented technology evaluation was built around market cost-benefit analyses. Assessment of the negative externalities was rejected as a manageable problem through regulation and compensatory solutions. Technology assessment at the level of impacts of the systems on ecological and social justice is another recent development that has to be considered. Even today in these political traditions, technology assessment is not a major feature of the pro-poor innovation interventions. The green revolution technology was critiqued for the landed gentry preferring technical change to land reforms.

However, it is important to note that the selected technical solution of high external input agriculture has also made more the poor peasants, artisans and landless labourers vulnerable and risk prone because no corrective action took place on our part after the onset of neo-liberal policies. Further it is only now evident that

poor peasants, artisans and rural labour have actually lost a lot on account of the continuing adoption of inappropriate technological choices whether implemented through the State or cooperative sectors.

Factors that contribute to success

Technology and market are interlinked issues. Often, for the markets where the rural poor can compete with ease, even the ready to transfer technologies are not available. For the rural poor the problem of access to markets is a systemic problem. They cannot compete with everyone anywhere and everywhere. The markets for which the rural poor should compete must be within their reach. Further, for the enterprises of rural poor to succeed the programmes of agricultural and industrial modernisation must have a strategy of developing the local economy as a production system in itself.

New technology is effective if it is compatible with a higher returns yielding business model appropriate for a local context: Efforts of public agencies to improve the competitiveness of rural producers because their efforts tend to conceptualise the problem of technology support as only of a one-time injection of improved hardware. Moreover, the concept of improved hardware was limited to creating the machinery and equipment through mainly downsizing of large-scale modern technologies, upgrading of traditional technologies, or blending modern with traditional technologies with the aim of making an individual producer efficient. But, since the improved technologies were poorly connected with their existing local production as well as technology systems, the targeted users could not be convinced to adopt the new technology. Finally, it was assumed that for every improved technology there was an obvious business model that would increase the profitability of the user. But this assumption was never explored and constructed.

Scale, network and cluster effects should be explored, initiated and used: Calculations of the economic viability of technologies cannot be made with the assumption that small producers in

village industries are incapable of organizing themselves for a better access to the higher scales of production. Selection of technology development objectives and choice of partners for user development need to be designed with the perspective of organizing small producers in rural production systems to interface for achieving economies of scale and scope through their appropriate organization and assuring network and cluster effects, so far ignored in competitiveness evaluation.

Technology implementation has to be guided by a systemic conception of competitiveness: The production and technology systems of the targeted users must be identified such that any new technology package reduces their costs by either resorting to alternate input-using technologies or using the present inputs more efficiently. It is necessary for the social carriers of pro-poor innovation to actively co-operate among themselves in production with the aim of breaking the monopoly of large capitalist enterprises. In order to be systemic in the approach to innovation, small producers have not only to utilise those technological opportunities that connect well with the local markets, capabilities and resources, but also have to organise, develop and obtain technology for co-operation in production among themselves. This also implies the maximum utilization of local advantage while linking them internally and developing their capacities to plan for better market access and egalitarian organisation of production. They need to undertake technology choices that enhance co-operation in production via the development of production linkages, value addition, improved production & greater diversification.

Change in the paradigm of rural development: History tells us that the contribution to rural industrialization process was seen by the dominant leadership of scientific community as falling outside their domain within the CSIR and ICAR system of laboratories. In their understanding, the development of modern industry did not include the goals of technological transformation of rural areas. Rural industrialization was seen through the lens of a developmental conception which was embedded in the dichotomy of traditional and modern industry. Since the framing of upgrading

of traditional industries was embedded in the individual, small producer becoming competitive and did not fit well with the imagination of large technology system the scientific community did not consider this work to be working on the frontiers. Today when the world is seeking eco-restructuring of the development process a vision and strategy of multi-level industrial development is considered to be high technology and a frontier to be captured.

Concluding remarks

As an alternate socio-technical regime agro-ecology based approaches to agricultural and rural industrial development have the potential to resist agribusiness and agro-food companies in the retail market. Agro-ecological approaches have the wherewithal to make the Indian agriculture economically, ecologically and socially viable. Agro-ecological approaches have the capacity to reduce the farming risk on the input side by shifting the peasantry away from the non-local inputs and on the output side in the market on account of the diversification of outputs. Agro-ecology based approaches allow peasants to move away from the existing system of mono-cropping which faces is increasing to an integrated system of primary production integrating all the relevant subsystems of primary production, namely, crop production, livestock management, aquaculture and silvi-pastoral cover areas.

The core principles of agro-ecology include recycling nutrients and energy on the farm from within the local systems of ecology and economy, rather than introducing external inputs from the outside; integrating crops and livestock; diversifying species and genetic resources in agro-ecosystems over time and space; and focusing on interactions and productivity across the agricultural system, rather than focusing on individual species. Agro-industrial production systems have the possibility of contributing materials of all kinds of use values besides food. Biomass based dispersed industrialisation is conceptually and technologically considered feasible by the engineers (Datye, 1997). Agro-ecology is highly knowledge-intensive, based on techniques that are not delivered top-down but generated within the local economy on the basis of

knowledge and experimentation of peasants and landless workers and through the development of group enterprises of rural labour and artisans. The approach of agro-ecology as a mode of agricultural development is capable of strongly contributing to the broader goals of redistributive justice, regional economic development, public health and wider ecological health transformation. Now the pro-poor innovation making for cooperation in rural production can be geared to provide solutions for the evolution of new kind of agriculture and rural industries as a part of socio-ecological and socio-technical restructuring to be undertaken in the case of the Indian economy.

Finally, the left oriented policy makers have to also take note of the fact that innovation-making in the sectors such as food, fuel and fodder, energy and transport, water and sanitation, waste management involves the development of physical infrastructure with lumpy supporting investments having a common pool character. In the past, system failures have occurred in these sectors to the detriment of access to the poor, also due to the initial selection of ill-suited technological paradigms and their continuation even after becoming clear that the selected systems of technologies are not sustainable. Such mistakes of the past should be avoided.

Sarampalli Malla Reddy

Co-operative Agriculture

Co-operative agriculture farms were started in our country in 1940s only. It was felt that co-operative agriculture is needed for undertaking agriculture with huge land holdings. It was expected that this will lead to increased production and also increased productivity. To solve the problems of Tenancy, joint forming Associations were formed. Jawaharlal Nehru made four recommendations. He advocated elimination of middlemen and establishment of non-profit cooperative fields and agencies in their place. Co-operative agriculture fields should be started with small farmers as a pilot project. Farmers should be brought into these fields with good intentions and agreements. But this was opposed by C Rajagopalachari, NG Ranga and Charan Singh. They

felt that this was a policy of Communists and this will increase the influence of Communists. Nehru was forced to declare that he will not make any laws on the formation of Co-operative agricultural fields. In this way through adverse campaign, the formation of co-operative agricultural fields was scuttled and the role of middlemen has been increased in the agricultural markets. The same policy has been continuing even today.

Agriculture production sector

Today 85% of the cultivation is being done by small and marginalized farmers. Lot of changes have come after the Green Revolution. The use of machinery has increased. Human labour has come down. Cultivation cannot be done with machines in small land holdings. Production will come down. Cost of investment in agriculture has increased due to the intervention of the middlemen. Added to this, cost of agricultural implements, fertilizer, pesticide, diesel and rent of machinery has increased enormously. Purchasing of machinery by small farmers is not viable. Cost of production is increasing but productivity is not increasing.

Agriculture will be profitable if the size of land holdings is increased and machinery is used for cultivation. Land will be sufficient for multiple crops. There will be decrease in human labour. But incomes can be increased by engaging in ancillary occupations like dairy, poultry, fishery, goat and sheep rearing. The role of middleman will decrease. Government should appoint agriculture officers to give proper advice to the people engaged in these occupations. Government concessions should be provided to these sectors. By using newly invented seeds, production and productivity will increase. Due to absence of middle men, the income of farmers will increase as capital required will be less and also due to the increased production.

Formation of processing units

Farmers are incurring losses as they sell their products to the middleman at cheaper rates. The middleman process the products purchased from farmers and produce sub-products and earn huge profits on their investments. This imposes huge burden on the consumer. The farmer will not get even 50% of what the consumer

pays to the middle men. That is why processing units should be established in the Cooperative sector. Then farmer will get an additional value on the sale of sub-products. Consumer also will get agricultural products at reasonable rates. The Vice-President of the Planning Board Ashok Gulati has declared that middlemen are earning a profit of around 2.5 lakh crores from farmers. In reality this will be double than the estimation. Even now investments from agriculture are shifting to industry and industrialists. Farmers are crippled with debt burden and are committing suicides.

The Monopoly businesses like Tata, Birla, Reliance, Adani, ITC and Bayer have noticed huge profits coming from the sale of processed agricultural products. Hence they entered into this business and are earning thousands of crores of profits. These big business houses are also into the microfinance business with the farmers. 100% foreign direct investment is also coming into the agricultural sector and this will take away the profits from agriculture. In the name of free trade, we are importing agricultural products from 16 countries without any tariffs on them.

We have to pay thousands of crores of rupees to these 16 countries. So elimination of middlemen only will ensure profits to farmers on their products. If processing machines and institutions are established in the Co-operative sector then value of Agricultural Products will increase and farmers will get additional profits. It will also create employment for farmers.

Marketing - exploitation

There is massive exploitation in the agricultural product market. The rates decided by the Government are not implemented. Govt is also not deciding the rates scientifically. Dr M S Swaminathan recommended that the price of Agricultural Products should be 50% more than their cost of production. But market forces and ruling classes are not agreeing to this. Price of products is not determined scientifically. Former cooperative societies should be formed to protect farmers from the exploitation of the market. Farmers themselves should produce sub-products through processing units and sell them directly to the consumers. In this way, they can protect themselves

from the exploitation of the market. The expanded Cooperative sector in the past has established fertilizer factories, Cloth Mills and seed processing factories and gave handsome profits to the farmers. Quality machinery was also purchased by the cooperative associations from the companies at reasonable rates.

Results

As all sections of the society will work in the Co-operative Associations, farmers will be free from economic and social exploitation. Collective thoughts will increase. Discrimination will come down. We have seen the experience of Kerala. The Co-operative sector and Kutumba Shree scheme have instilled a friendly atmosphere among the women and the men engaged in agriculture. Every product the farmer produces and the profit on it belongs to the farmer. Consumer also will get products at reasonable rates. In Telangana as per the 1964 Act, cooperative agricultural fields and cooperative marketing societies were formed and were run from village level to the district level. In the united Andhra Pradesh state, around 2200 cooperatives have functioned. Marketing societies in every district have established rice mills, oil Mills and cotton mills. Fair price shops used to distribute around 24 commodities to the villagers. With the entry of middleman this system has gone into dormancy. Even today these Cooperatives are in possession of properties. Laws also exist for their effective functioning. But with the entry of politics cooperatives are not working efficiently. 90% of cooperatives consist of dalits, tribals and backward classes. All these are small and marginalized farmers. There is a huge loss to these farmers in the free trade market. So Cooperative agricultural farms should be established in the villages. Marketing cooperative societies, process units and sales centers should be established at the district level. These steps will benefit both the farmer and the consumer. Ruling classes and middle man will make all efforts to see that these kinds of systems are not established. Farmers should come together with an understanding and spirit that the formation of cooperative agricultural farms will be beneficial to the farmers and should obstruct the efforts of the middleman.

D. Raghunandan

Post-harvest & Non-farm Agri-Horti Processing Enterprises: experiences outside South India and potential for co- operativization

1. Introduction

This brief paper is based on work and experiences with grassroots efforts at off-farm processing of agricultural, horticultural and forest or other wild produce by pro-poor enterprises at roughly Block/Tahsil-level, networking small farmers and farm workers especially women, and built around appropriately re-designed technologies, with decentralized upstream feeder operations at village or cluster-of-villages levels. This work has spanned the past three decades and more, mostly in North, East and North-East India, co-ordinated by the Centre for Technology & Development (CTD), arising out of a process catalyzed by Delhi Science Forum

(DSF) in 1983-4, with R&D and pilots funded by Department of Science & Technology, and field operations run by non-government organizations (but which have recently also started experimenting with other organizational forms), mostly part of the All India Peoples Science Network. All examples given have been proven in practice by real-life Rural Enterprises and detailed techno-economic data are available if required.

- 1.1. This experience embraces on-going work in Mandi (HP) by Society for Technology & Development (STD), also mentioned in the Background Note, as well as in several locations in M.P. by MP Vigyan Sabha, and in Dehradun, Utk, by CTD. Most of these programmes were initiated by CTD. Similar programmes were also implemented over many years by AIPSN-affiliated groups in Rohtak, Haryana; Tripura; West Bengal; and elsewhere, while several like-minded but non-AIPSN groups have taken up programmes in Koraput, Odisha; Ukhrul, Manipur; Tura, Meghalaya; Kanyakumari Dt., TN and other locations. However, many of these latter set of programmes have folded over the years due to lack of efforts to sustain the enterprises due to several factors discussed further below.
 - 1.2. This Paper seeks to highlight some specific aspects of the experience and poses some questions germane to our discussions in this Workshop, especially against the backdrop of the current political situation.
2. Let us first look at aspects of our experience that we believe others engaged in co-operative (please note the small 'c') production could benefit from.

2.1 Technology Choice/Alternatives

First, our experience has underlined the need for, and benefits of, appropriate technologies for farmers'/workers' organizations. It has been a long-standing and widespread but mistaken assumption that technology is a given in

the capitalist mode of production and hence that the only issue to be dealt with is the ownership of these means of production. In fact, technology is all about options, for example the different technologies used in domestic cooking, from coal/wood-fired stoves to kerosene stoves, and gas stoves to micro-wave ovens to induction systems. In farmers'/workers' co-operative production systems, relations of production and wider social relations one wishes to build, especially the share of value-addition accruing to the producer, are major factors shaping, and reflected by, technology options. Re-designed production systems, especially de-scaled and sometimes re-designed machinery, can significantly enhance value-addition close to source of produce and share of value-addition accruing to producers through decentralized job/income creation.

- 2.1.1 For example, in Non-Edible Oils, the conventional industry way is to pay Agri Workers low wages to gather all the seeds, and transport them to an oil extraction unit. Alternatively, the system CTD has evolved deploys modularly-adjustable Decorticators (to separate shells from oil-bearing kernels) at village or cluster-of-village level where Self-Help Groups (SHGs) or other workers' collectives remove the shells from the kernels and sell the latter, or supply the same to a farmer/worker-run 'Mother' Unit, both for much higher returns. Incidentally, the variable Decorticator enables such decentralized semi-processing units to similarly de-shell other Oilseeds in different seasons, while conventional industry uses separate Decorticators for each type of Oilseed, increasing capital costs. CTD has several other such innovations to its credit, which accomplish the required processing or semi-processing task while maximizing local value-addition and hence benefits to farmers/workers groups at decentralized or grassroots level. For instance:

- Wet-Rendering Cooker for Fallen Cattle Carcass Utilization (yielding Meat Meal, Bone Meal and Tallow)
- Saponin Extract System for Plant-based Soap Products (usually made by in-line saponin extraction in centralized facility)
- Variable Millet Decorticator for Millet Value-Added Products

2.2 Networked Systems

Organization of production has come a long way since the old Fordist all-in-one factories which made all components and assembled them under one roof. Today most product-makers act as system integrators and finishers while subcontracting components or sub-assemblies to ancillaries or other suppliers. Co-operatives too need to build-in systems/ industrial engineering into their production systems so as to increase manufacturing efficiencies and, more importantly, share incomes/employment across different layers of production. Crucially, networked systems enable scaling CTD's experiences have been illuminating in this regard.

2.2.1 CTD has evolved a hub-and-spoke model wherein primary or semi-processing is done at modular 'satellite' units in village- or cluster-of-villages level and finish processing, packaging, marketing etc at a suitably-located 'Mother' Unit. Products of 'satellite' units may be semi-finished intermediates or lower-value added products that may also have markets on their own. Additional 'satellite' units can be added as sales expand and enable scaling-up of production, and incomes/jobs at grassroots level.

2.2.2 Examples are as follows:

- Fruit/Veg Processing: 'satellite' units producing pulp, juice, (both can be sold directly) and dressed and diced vegetables for pickling or dehydration; 'Mother' unit for finish processing, packaging and ex-factory sales

- Millets products: 'satellite' units producing de-hulled grain and ground flour of different millets (can be sold directly or supplied to 'mother' Unit), 'Mother' Unit making cookies, Rusks etc baked products, Breakfast cereals etc. (Typically 10x value of raw Millets are recovered at 'satellite' units alone)
- Non-Edible Oils: (see above) (typically 20x value of Oilseeds are recovered incl. 10x at 'satellite' Units)
- Plant-based Soap Products: (see above) (25x at 'satellite' Units)

2.3 Where do Artisans fit in?

One apparently minor but frankly important question hitherto ignored or unanswered is where do traditional Artisans fit in from the point-of-view of Left farmers/ farm workers' organizations? Artisans have been the carriers of indigenous knowledge and techniques in India through the millennia and were, down to the 18th century, major contributors towards commodity production and their trade with other parts of the world. The processes unleashed by capitalist industrialization have led to de-industrialization of rural India and wholesale onslaught on artisanal production and its role in the rural economy. In most regions of India today, rural areas are bereft of secondary producers such as in Leather Tanning, Footwear and leather products, Pottery and ceramics, Blacksmithy and steel tool-making, besides even simple agro-processing such as pulse mills, grain flour grinders, oil-presses and so on which have either moved "upwards" to bigger towns or been entirely replaced by industrial/commercial products. An important part of rural unemployment has resulted from this de-industrialization, large-scale de-skilling has taken place in rural areas, and only construction and hospitality show an upward trend in rural non-farm employment.

2.3.1 A large part of the work of CTD and its affiliated/ associated organizations has been with this section which has direct or indirect links with farmers and farm workers, often themselves being also part of those cohorts. Artisans also make a significant contribution in agro-processing and other local value-addition. While their problems are unique, especially from a technological viewpoint, they can play an important role in rural co-operatives in alliance with farmers and farm workers, precisely for possessing such technical capabilities.

2.3.2 Yet Artisans do not find a place as such in organizations of Farmers or Farm Workers, and really have no organizational forum for their interests. CTD and its affiliated/associated organizations have done their best to build such associations but to no avail, except for a very few exceptions such as in Mandi, HP. This Workshop may address this important issue as well.

2.4 Forms of Organization

This has been the most difficult aspect to tackle, especially given the goal of democratic, worker owned and self-managed co-operative organizations, particularly in Northern, Eastern and North-Eastern India where the old Co-operative movement has traditionally been non-existent or weak and where (with exception of W.Bengal and Tripura) the democratic movement too has been very weak. The following trends have been noted:

- farmers, farm-workers and artisans have themselves been resistant to Co-operatives due to their chequered past and history of government interference and bossism/take-overs by landlords and other power-brokers
- artisans (and tribals) have been the least resistant, probably due to pre-existent traditions of co-operation in work (eg. Potters assisting each other in loading/unloading kilns) provided economic benefits are clearly demonstrated:

the Mandi (HP) Leather Organization is perhaps the best example; in Manipur, the case of the Potters in Nungpi, Ukhrul District, is notable

- by and large, farmers/ag. workers/artisans have preferred to work with “benign” management by NGOs
- in a few cases, these NGOs have taken the initiative to set up more participatory Societies including NGO and workers’ reps, or non-profit Art.8 Companies: at present, the best or optimum organizational form is
- (NOTE: a Bill for a new Co-operative Act putting co-ops on par with Companies has been hanging fire in Parliament for over a decade)
- of late, Self-Help Groups (SHGs or federations thereof) and Farmer Producer Organizations (FPOs) have also been promoted by different govt. agencies
- in the absence of adequate credit support to all such Organizations, it has been extremely difficult to scale-up these efforts
- needless to say (as discussed further below), efforts towards organizational strengthening and scaling have been severely hampered in the absence of support from Farmers/Farm Workers’ organizations

3. Issues/Questions

The above background and experiences raise several questions for the broader co-operative movement, and the role of Farmers/Farm-workers’ Organizations in it. In India, the Co-operative movement has had a hoary past rooted in the national movement, especially in the Gandhian stream and its movement towards “constructive activities” which sought to intervene such as to bring about material improvements in peoples lives especially in rural India and especially among Artisans. In some parts of the country, the Left also embraced Co-operatives such as the famous Beedi and Coffee Cooperatives in Kerala once led by A.K.Gopalan

and the Popular Shoe Mart footwear-makers' Co-op in Andhra once led by P.Sundarayya. The institutionalization of Co-ops under the umbrella under the KVIC has, over the years, stagnated in terms of technology and productivity, and has degenerated from a movement for artisans into a more or less run-of-the-mill micro-enterprise Scheme, except arguably in some traditional textile and Khadi sectors. The most prominent and successful Co-ops in India, the many Milk Co-ops under the Amul and NDDDB umbrellas, are essentially for procurement, with actual participation of Co-op members in production, value-addition and management questionable, especially compared to their once "radical" image. The Sugar Co-ops of Maharashtra are a special case of big-farmer collective action and deserves a special but separate discussion. But by and large, with a few notable exceptions in Kerala and elsewhere, Co-operatives as a major force in the economy on behalf of producers and workers, have receded far into the background in India, as a presence in the market and in the public consciousness as something different from the dominant corporate system. In the absence of an effective Co-operative movement, consumers have lost awareness of Co-ops' significance and are effectively cut off from producers. As a means to mobilize farmers and farm workers, Co-operatives are barely visible, especially in Northern and Eastern India. This assumes heightened significance in the current context of agrarian distress and the dominant political dispensation.

In contrast, even in advanced capitalist countries such as in Europe and the US, the Co-op movement continues to play an important part in mass consciousness as part of the broad resistance to capitalism, giving citizens an opportunity for alternative expression of their consumption needs, with significant presence in the market, widespread dedicated Co-op stores, Co-op shelves or sections in supermarkets, and significant on-line presence, even though many of these countries may not have organized Left-oriented Farmers' organizations.

In light of the above, and discussions regarding experiences at CTD and other similar initiatives highlighted in this Workshop with alternative production systems, the following questions may be

highlighted.

3.1 Place of Co-ops in Farmers'/Farm-workers' Movements

The big question is does the idea of Co-ops, or co-ops in any other organizational form, figure as at least one among many elements, leave alone an important element, in the broader struggle against capitalism and its hugely negative impact on the agrarian sector, especially for medium, small and marginal farmers, farm workers and artisans? Certainly the experience of CTD and other groups, and based on information from elsewhere, it does not appear to do so. Not only are there no significant Co-op movements, especially in the northern and eastern parts of the country, farmers' movements too, especially on the Left, have not seen this as an area worth investing their admittedly limited human resources, time and effort.

3.1.1 The present political context poses new and enormous challenges. The agrarian crisis and general rural distress are now endemic, inequality is increasing, economic opportunities are declining, and yet mobilization of the people at large and of those in the farm sector in particular against extant government policies are sporadic at best, notwithstanding the enthusiastic mass demonstrations witnessed in the past two years. Should not Co-operatives, at least in the present circumstances, be at least one among several arrows in the quiver of Left farmers'/farm workers' movements?

3.1.2 Farmers and farm workers need, and would support, any initiative to improve their lot and their bargaining power. Rural out-migration is increasing relentlessly, the younger generation is hungry for better opportunities, improved habitat and lifestyles. Co-operatives and agro-industries to add value to agrarian (including forest and other wild, gathered) produce could make a significant contribution in this regard, besides generating off-farm incomes and jobs, and positively impacting the rural

economy. This cannot be achieved through individual effort, especially by the 65% farmer households with small holdings, hence the requirement for Co-ops (or co-ops). Leadership of Left farmers'/farm workers' organizations in this respect would not go unappreciated.

3.1.3 Leadership of Left farmers'/farm workers' organizations in such efforts would also contribute significantly to democratization of such Co-ops and movements and prevent capture of the same by vested interests.

3.1.4 Is there really a down-side to any of this? Unfortunately, many Left organizations believe so, as has been hinted in the Background Note. Groups associated with CTD's efforts have experienced this first hand in many ways as discussed further below.

3.2 Some Ideological Questions

Many if not majority sections of the Left view Co-ops and other such "constructive interventions" as reformism, that is purveying illusions about how real social change can be brought about, and as distracting from the main task of mass mobilization aimed at radical social transformation.

3.2.1 In most CTD and affiliated organizations, leading activists have strong Left backgrounds. Nevertheless, in many cases, while working in co-operative production organizations with artisans, their activities are viewed with suspicion as reformist activities. In several cases such activities have even been closed down, or the senior activists told to quit the activity. This has led to the considerable detriment of the effort put in and the reputation of the organization concerned, not to mention the artisans and farmers involved and benefiting from these activities. This also affects the overall effort by CTD and its affiliates as failures of the model sought to be developed and demonstrated.

- 3.2.2 Another concern of local Left leadership has been that leading activists engaged with artisanal or other co-operatives are engaged in “business.” Indeed, co-operatives are engaged in business, as are farmers and artisans individually if they were not involved in the co-ops. Why is this a problem? Workers in factories, professionals and middle-classes can earn salaries, but self-employed farmers and artisans cannot earn incomes through their own efforts? If this is OK on an individual basis, why is it wrong in a co-operative form?
- 3.2.3 Co-operatives, and also the kind of co-operative endeavours initiated by CTD and its affiliated/associated organizations, are another dimension of the struggle by farmers/farm workers and artisans to strive to overcome the exploitation and limitations imposed on their avocations by the extant political economy under the capitalist system. They serve to constantly expose these limitations and engender struggles against the policies and system behind them.
- 3.2.4 Description of co-operatives as “alternatives” perhaps also cause problems. Nobody believes Co-operatives can by themselves overcome capitalism or that they constitute an alternative Owensian political economy. In fact, the idea is that Co-ops are exemplars of a non-corporate possibility, one that is based on co-operation between producers, workers and perhaps even consumers, rather than only on a profit motive. As such exemplars, they serve a useful purpose in mobilization of farmers, farm-workers, artisans and the wider public. Let us not finish the debate before it starts by a futile exercise of examining what role Co-ops would play after capitalism is overthrown! Let us first make that happen, and use all weapons in our possession towards that end!
- 3.2.5 However, one thing must be agreed by all. Co-operatives must succeed as economic activities, or as a

“business” entity even if some do not like this term, for any of this to work. A failed Co-op does not mobilize farmers, does not provide benefits to its members, does not act as an exemplar, does not reach consumers and, indeed, serves no purpose. So any person playing an active role in building or running a Co-ops must work towards its success. Surely, there is no shame in that!

- 3.2.6 It would be good if consensus could be built within the Left about Co-operatives and if some of these ideological cobwebs cleared.

Dr.T.P.Sethumadhavan

Role of Co-operatives in Agro production, processing and Value addition-Challenges and prospects

Back ground

Agriculture sector in India is facing lot of challenges including increasing cost of production, decreasing production and productivity, constraints in value addition, marketing and climatic variations. Even though India is the 7th largest agricultural exporter in the World, farmers remain in frequent distress. Farmer suicides are also on the rise. Small farmers account for 83 percent of total holding in Kerala. Sustainability in agriculture can be achieved through market centred approach. Govt of India during the 2015-16 budget announced that farmer's income will be doubled and organic farming will be promoted by 2022. But per capita



income during the period according to NSSO was Rs 89500. If this has to reach 183000 by 2022, the sector has to exhibit a minimum growth of 10.4 percent per annum. But during the last five years annual growth was only around two percent. To achieve the target, growth should be above 13 percent. So it is clear that the budget announcement cannot be fulfilled. Moreover Government of India during 2019 reiterated the doubling of income forecast.

According to the National Policy for Skill Development and Entrepreneurship, India is one of the youngest nations in the world with more than 62% of its population in the working age group (15-59 years), and more than 54% of its total population below 25 years of age. It is further estimated that the average age of the population in India by 2020 will be 29 years as against 40 years in USA, 46 years in Europe and 47 years in Japan. In fact, during the next 20 years the labour force in the industrialized world is expected to decline by 4%, while in India it will increase by 32%. This poses a formidable challenge and a huge opportunity. To reap this demographic dividend which is expected to last for next 25 years, India needs to equip its workforce with employable skills and knowledge so that they can contribute substantively to the economic growth of the country. Agriculture is the largest private sector in India. Recent findings by CII reveal that 70 percent of farming operations are running under loss. 15 percent with marginal income just above the breakeven price and only 14-15 percent are really profitable. ULCCS one of the largest worker co-operatives in Kerala is involved in promoting customised and sustainable agriculture development programmes.

ULCCS's interventions

Taking in to account the recent issues in agriculture, 94 year old Co-operative ULCCS-Uralungal labour contract Co-operative society based at Vadakara in Kerala diversified in to agriculture so as to get better income to the farmers. This diversification is in tune with technology advancement. ULCCS is the largest and leading worker co-operative societies in Asia based at India. During 1925, 14 members started this society with an investment of 37 Paise

(0.042 US dollars). Over the years lot of transformations had taken place in the co-operative sector in India. The emergence and the context through which ULCCS evolved as one of the leading co-operative societies in Asia is through workers welfare measures, discipline, responsibility, modernisation, diversification, quality, social commitment and time management. Currently ULCCS have many subsidiary organisations in different forms with co-operative nature as ULCCS group of institutions namely ULCCS Ltd.

ULCCS is giving more emphasis to entrepreneurship, productivity enhancement, integration, precision farming technologies and food processing in agriculture along with market led production and extension programmes. In order to increase the income from agriculture, substantial changes in the farming practices through precision farming with the use of innovations and technologies are needed. In India precision farming is limited mostly to precision irrigation and selected crops. Precision farming use local specific data of soil, water, weather and vegetation. It must take in to account spatial and temperature variability, environmental impact, use of information and communication technology including agri analytics.

Precision farming, entrepreneurship and value addition

Precision farming use sensors, satellite images, drones, internet of things for soil analysis, monitoring, irrigation, etc with innovative farm management with appropriate extension network.

In order to make agriculture as one of the viable ventures it requires precision farming with end to end crop specific solutions. Value addition, market led extension and production needs to be promoted to increase farmer's income.

Use of precision farming required to address the immediate challenges like price realisation, transparency and storage. It must enable and adapt technology solutions which include comprehensive data base, infrastructure facilities and use of precision farming tools. Moreover it requires integrated solutions for using customised, crop specific end to end solutions.

Promotion of Agri entrepreneurship model will enhance production. Lot of start-ups are emerging in agriculture. But income through agriculture can be increased only through market led value addition programmes. Food processing will facilitate to get more income through agriculture. It has been predicted that by 2022, of the total retail market 70 percent will be food retail market. Access to credit, water and market will facilitate to increase production. Moreover it requires better storage and post harvest technologies. Food processing sector is growing at an annual rate of 20-25 percent. If agriculture needs to be profitable, it must move towards agribusiness through appropriate food processing interventions. There are huge opportunities for ready to eat and ready to cook food products. Food outsourcing is increasing and consumers are emerging as convenience seekers. Food processing requires advanced technologies with customised products meeting quality. It must be in tune with the demographic profile. FSSA is one of the benchmarks in the country. In order to increase profit through value addition, products need to be exported to developed countries. It must be in accordance with the quality standards of importing countries.

Scarcity of skilled workers is the basic challenge faced by food processing sector in the country. Technology, foreign direct investment, services and retail sectors will facilitate to maintain an average level of economic growth and employment opportunities in the country. Processing at the current level of 10 percent to 30 percent can increase the GDP by five fold.

Basic challenges include Can we link India's potential to the World's requirements? Can we link Indian traditions with future of mankind? Can we connect India's farmers with markets around the World? Combining traditional food industries with modern technology, processing and packaging can facilitate to get the health benefits and to provide refreshing taste of Indian food ingredients. Food processing is a labour intensive sector which can generate more than five lakh employment opportunities by 2022. Marketing of functional, novel and ethnic foods is on the rise and hence, the safety aspect is also an area of concern.

Precision farming will provide early warning signals and develop prediction models based on weather, pest, drones, diseases and yield. Basically it is a type of smart agriculture using innovations and smart technologies. Organic farming can be promoted with strict regulatory measures including residue monitoring. The need of the hour is to promote the concept of safe to eat production with limited use of pesticide, chemical or heavy metal residues with less than permissible limits which won't affect production. Moreover agriculture research must focus on developing farmer friendly technologies and appropriate technology transfer among the potential stake holders. Fragmentation agriculture universities need to be minimised in order to promote interdisciplinary research. The term agriculture must include all crops including animal agriculture and fisheries.

ULCCS the nine decade organisation has effectively working and diversifying in to different sectors based on stakeholders demand in tune with the advancements in technology. Most of the programmes were oriented towards workers and their family's welfare. Across the country services sector supersedes primary agriculture and secondary industry sectors. Moreover services sector creates more than 65 percent employment opportunities in the country. Based upon the demand supply mismatch, ULCCS could effectively exploit the situation through related diversification process.

All political parties, trade unions and political leadership appreciate the efforts of ULCCS in construction, infrastructure, IT, ITeS, Tourism, services, agriculture, education, career, technology based activities in the state. All these activities are oriented towards moving in tune with tradition, technology and talent.

Diversification in tune with the demand and advances in technology

ULCCS was established in 1925 with the objective alleviating poverty among the workers. Over the years ULCCS had grown which necessitated the governing body to diversify in to different potential sectors based on need analysis.

Dairy Entrepreneurship, Processing and cold chain project

ULCCS sees agriculture as one of the major areas of focus. In order to make a positive contribution in this vital area, ULCCS intends to provide major thrust to agriculture through livelihood support, integration, entrepreneurship, processing and market led production and extension. ULCCS is in the process of launching Dairy project in the State with the support from Ministry of food processing industries, Govt of India. It envisages in setting up of integrated cold chain project under the scheme integrated cold chain and value addition infrastructure. In Kerala largely resource poor farmers with small landholdings are involved in dairying owning 2-3 cows in a household. Dairying is an important livelihood option in which women have better control over men. More than 90 percent livestock farmers in the State are working under subsistence level. More entrepreneurs are turning out to take up commercial farming like NRIs, Gulf returnees and youth. As part of procuring milk massive Dairy entrepreneurship programme will be launched in six Malabar districts of the state. Of the total procurement quantity of milk 80 percent will be converted in to products through appropriate value addition. The project will handle one lakh litres of milk per day. This will be over and above the existing milk production in the State. The project envisages cold chain facilities with value addition and to cater educated youth who can venture in to Dairying as one of the viable employment opportunities. Cluster based production coupled with promotion of start-ups in dairy sector will be ensured through this project. Customised products catering different segments of the society will be launched. It will be integrated with Malabar Agri promotion zone so as to promote export of the products. Moreover it will facilitate consumers to get quality products in the domestic market which can compete in the international market.

Integrated agriculture and food security project

ULCCS is implementing integrated agriculture project in Nochad Grama panchayat in Kozhikode district. This project envisages in integrating agriculture, animal husbandry, fisheries, rural

development, etc. through appropriate interventions in value addition, knowledge transfer, skill development, entrepreneurship, conservation, market interventions, productivity enhancement, mechanization, etc. ULCCS is try to make a model Grama Panchayat in the State. Nochad Integrated Agricultural Project will be implemented through incorporating appropriate cluster based models for knowledge transfer. There will be separate knowledge transfer models for the project. More over skill development, productivity enhancement, value addition, mechanization, etc. will be given utmost importance. The project envisages to improve production and productivity through agriculture and allied sectors and to uplift 7000 families of Nochad Grama Panchayath with a population of around 30,000. Appropriate institutional and funding collaborations will be made possible with the interventions from ULCCS, State Government, Local bodies and other stake holder departments and NGOs. Some of the initiatives include market centred production system, safe to eat production, skill development programme in association with agriculture sector skill council, Entrepreneurship, value addition, aquaponics, mechanisation, organised marketing, etc.

As part of maintaining food security, ULCCS is involved in production of vegetable and horticulture crops in the state with the concept of organic farming. Society used to market the products among the workers and public through ULCCS's outlets.

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Dr.T.N. Seema

Kudumbashree women farmer collectives in Kerala – experience and major challenges

Kudumbashree, the Poverty Eradication Mission of Kerala, puts livelihood as one of the major intervention areas for poverty reduction. Under the various livelihood domains supported by Kudumbashree, farming based livelihoods is one of the major sectors, enabling 4,00,000 members to generate a sustainable income. The success story of Kudumbashree in farming sector has been attributed to timely intervention, policy changes and convergences that Kudumbashree has been able to develop over the last 15 years. Some of the major attributes of this journey and challenges faced are discussed in the following sessions.

The agriculture sector in Kerala, over the years, has

been under tremendous stress, due to reduced revenue from the implementation of free trade agreements, increase in input labour rates augmented by the greater social development and influx of remittances from the West Asian countries. All these factors led farmers to adopt intensive cash crops as a farming approach as opposed to food based cropping. This gradual shift of farming pattern had its greatest impact on the agricultural labourers, especially women, who were earlier employed by the food based cropping system. The farmers having farm land which were not suitable for cash crops left it fallow, since the value appreciation of land kept idle was much higher than the profit that could be generated through cultivating the land. Over the time, the cultivable land holdings were turning to fallow land and were also diverted for other residential/ industrial activities. Acknowledging this situation, Kudumbashree developed the Lease Land Farming initiative (LLF).

Lease land Farming initiative was leveraged on the collective spirit of the Kudumbashree network, and the cohesion and social capital developed through the NHG system and the leadership skills developed through the institutional system of the Area Development Society (ADS) at Ward level and Community Development Society (CDS) at Panchayat level were used, to identify potential cultivable fallow land in each of the villages. The identified lands were later taken on lease from the owners, by the women's collectives (informal groups) either by the entire NHG or specific members of the NHG, in order to undertake farming activity. This was a revolutionary step by the Kudumbashree in the farming based livelihood domain, since it was the start of recognising the women as farmers, instead of treating them as mere farm labourers. The women from the network, for the first time in their life were taking day to day decisions related to agriculture, hitherto used to be taken by the (male) owners of the land. This transition was aided by the confidence they had generated by working as a collective under the NHG framework of the Kudumbashree. Further the NHG system ensured that the initial credit required for leasing the land and starting farming, was available through NHG credit system or NHG bank linkage funds.

Following the adoption of the Lease Land Farming by the members of the community network, it was felt that a better institutional framework was required to further scale-up the activity. Accordingly, Kudumbashree worked along with the NABARD (National Bank for Agriculture and Rural Development) to customise the concept of the Joint Liability Groups (JLG), to formalise the informal lease land farming groups. The adoption of institutional architecture further expanded the scale and scope of the programme. JLG started to become a functional unit in itself and delinked itself from the trappings of the NHG. JLG was slowly becoming a livelihood unit focussing on the agriculture based income generation activity.

Further, by leveraging the credit worthiness of Kudumbashree community institutions, Kudumbashree was able to develop JLGs as credit worthy, credit demanding institutions. Presently more than Rs.400 Cr (2018-19 FY) has been taken on credit by JLG from the Banks. The direct delivery of credit to the JLG was an outcome of rigorous lobbying by State Kudumbashree mission with the banks, and the development of well functioning monitoring system. The CDS, through registering the NHG and recommending the same for bank linkage was made the responsible for monitoring of the JLGs formed in the network. Further, in order to incentivise the bank linkage, interest subsidy schemes were developed with the support of the State government to reimburse the interest paid by the farming groups. All these timely interventions helped in scaling up the activities so as to reach the present number of 3 lakh women farmers in the state.

The success of the farming intervention cannot be attributed as a success of the Kudumbashree mission alone; it was an embodiment of the convergence of different government policies, programmes and institutions coming together at the right time.

One of the most important external factors which have propelled the programme was the implementation of the MGNREGS in the state. The active role of Kudumbashree network in the field level implementation of the MGNREGS through the matesystem,

ensured that women became active participants in taking up the work. This opened up new horizons for women to work openly in the fields and fallows of the village under a collective. The MGNREGS ensured that women can become employable on their own and they can earn respect from their families and the community. Further, the convergence of the MGNREGS for land development for agricultural activity ensured that the land leased by the JLGs were developed (land levelling, irrigation development, bunding etc) through the MGNREGS activity, leading to reduction in the overall cost of cultivation. This turned out to be one of the greatest supports for the lease land farming, as the converting of the fallow lands leased out by JLG used to be an arduous and resource draining activity for the women groups. Based on rough estimates, coverage of the land development activity under the MGNREGS helped in 30% reduction in the cost of cultivation for the JLG. The convergence of the MGNREGS with JLG, ensured better mobilisation of women, created more visibility and ensured a better income generation.

Apart from the community institutions of the Kudumbashree, Panchayats, State Agriculture Departments and the Banks played important roles in developing the concept of JLG to fully fledged livelihood institutions. The Panchayats were proactive in supporting the JLG activity through identification of the fallow land coming under the villages. Special programmes like Fallow Less Village were developed and funded under the Panchayat Scheme, which provided a better and bigger platform for identifying fallow land for the JLG groups of the network. Also, land leasing being an informal activity, the involvement of the Panchayats ensured better creditability for both the land owners and the JLG groups and ensured certain shared values of co-operation. Further many Panchayats came forward to developing their own specific schemes for supporting lease land farming done by the Kudumbashree JLGs. The financial support in the form of area/locality based incentives provided by the Panchayats, especially for paddy cultivating groups, enhanced the revenue generation potential of agricultural sector, enabling the JLG to generate sustainable incomes from farming.

Agriculture department, through technical convergence and organisational convergence has helped the Kudumbashree mission and JLG to understand the nuances of farming. As mentioned earlier, most of the women were first- time farmers and hence their capacity to take economic farming decisions was limited. The Agriculture department through the village level agriculture office and through schemes like ATMA, helped greatly in enhancing the capacity of the JLG women farmers. Training programmes and onsite support have helped the women groups to undertake farming in a profitable manner.

Later, based on the demands from the farming community of Kudumbashree, various new schemes were introduced. Centrally sponsored scheme of NRLM (National Rural Livelihood Mission) like MKSP (Mahila Kisan Sashaktikaran Pariyojna) was channelized through Kudumbashree JLG. The MKSP Programme ensured better capacity building of the farming community and development of local cadre of community resource persons known as master farmers. Further, weekly markets and monthly markets were established linking the market demands with produce supplies.

Presently the JLG activities are present in all the rural CDS of Kudumbashree network and is one of the major livelihood avenues for the community members.

Present status of the Farming activity in Kudumbashree

Total JLG registered	59478
Active (present)	56105
JLG with active Bank linkage	27381
Total linkage amount (Rs)	441,25,78,192 (441 Cr)
Total area under production (HA)	43375.878 hectares
Paddy (Ha)	12537.658
Vegetable (Ha)	9070.93
Tubers (Ha)	9719.25
Banana (Ha)	11768.432

Average land holding (gross) (statistically)	1.8 Acre
Paddy	4 acres
Banana	2 acres
Tubers	75 cents- 1 acre
Vegetables	50cents-75 cents

Major challenges and Issues affecting the Farming methods of Kudumbashree groups

Apart from the challenges pertaining to agriculture, the joint liability group farming has many additional challenges to cater to; some of them are structural challenges and others the project challenges.

Structural issues

Insecure land tenure: Lease land farming system is completely based on an insecure land tenure, often perpetuated through white paper agreements with no legal standing. The insecurity on the part of the land owner on leasing period, hampers the farming group in adopting intensive farming system. The lack of confidence in developing infrastructure systems like better irrigation, fertility management and land development also impacts the productivity of the farming under the collective farming system. Further, the lack of transparent leasing system creates adhoc pricing system for the land rent, often destabilising the incomes of the farmers.

Lack of the support environment for Lease Land Farming: The support schemes often extended to the farmers does not reach the lease land farming units. These schemes are usually tied to the land holdings, inherently alienating the lease land farmers; schemes under RKVY, Vegetable intensification etc are also often biased to favour land holding/owning farmers.

Further, insurance scheme for crops, which is in itself basically flawed in the approach, further distances the lease land farmers, since the insured amounts are redeemed by the land owner, instead of the lease land farmer.

Market deficiency for small holder farming: Lease land farming groups are formed mostly of small farmers often doing farming in small parcels of land, producing a handful of varied agriculture products. However the trading and the market channels are more developed and streamlined for large volumes of mono cropping. This market structure puts small, diversified farming groups in a disadvantageous position.

Project issues

Lack of Convergence: Even though JLG farming has been a major livelihood avenue for the poor women, the acceptance of the lease land farmers as a constituency for discussing farming issues is often lacking. The institutions supporting and acting as stakeholders in agriculture such as agriculture department, co-operatives (agricultural and financial) and LSGI, often overlook women farmers as serious stakeholders in the agricultural decision making. Kudumbashree, over the years, has not been able to consolidate the position of women farmers as a collective power group in agricultural development of the state

Gender concerns:

Even though the role of Kudumbashree collective farming groups has been radical in altering the status of women in farming, and giving them recognition as farmers, the collective has not be able to address some of the core gender issues ailing the system. The drudgery associated with agriculture has not been addressed leading to reduced production and increased health issues for the women. The technology adoptions for reducing the drudgery among the farming groups have not been successful; further the lack of development of women friendly technologies has hampered the course of the intervention. The agencies associated with the production of farm equipment are still insensitive to the demands of the women farming groups and the Kudumbasree collective has played only a limited role in changing this narrative.

Timely funding and support system: Agriculture inherently being a seasonal, time- dependent activity, the effectiveness of the

support also depends on the time when it is provided. Even though Kudumabsree has been able to develop many support systems for the farming community, the time delay in providing the support often reduces the efficacy of the support provided. Credit delivery through the banks is still a delayed process, often leading to delays of couple of months, affecting the complete crop cycle of the farmers. These delays also open windows to informal creditors, leading to increased debt burden of the women.

Further the Kudumbasree mission, working under the state government with a dedicated state budgetary allocation, carries with it the bureaucratic trappings of government departments. The support funds like incentives and interest subsidies are often provided as a means of government expenditure, often delivered during the months of February and March, aligning to government budget availability. The restrictions on timely fund distribution reduce the confidence of the farming groups on the support system.

Conclusion

In order to ensure regular income from agricultural activities of Kudumbasree, both policy decisions and practical measures are necessary. The interventions made by the cooperative sector in Kerala in the agricultural sector have been extended to the Kudumbasree farming groups also. Many cooperative societies in Kerala have extended financial assistance and infrastructural support to the Kudumbasree farming units from the stage of cultivation to harvesting to marketing. If this experience can be taken forward and if the cooperative sector can provide support mechanisms to Kudumbasree groups during various stages from the production to marketing, then sustainability can be ensured. How to enhance the capacity of the landless women farmers and how to create a favourable ecosystem for women in all the value chain activities of agriculture are the major challenges to be addressed.

Joginder Walia

Horticulture Processing and Preservation

**(An Group Enterprise Experience of FARMER`S Group
Mandi, Himachal Pradesh)**

In 1995, an AICP on horticulture was launched under DST, Science and Society Division, overall coordination and technology development being undertaken by Society for Technology and Development (STD) Mandi a network organization of AIPSN, till 2007 in collaboration with IARI/CTD, New Delhi. The article present the field experiences, motivational and organizational approaches, and managerial issues on the work being done by the Farmer`s group presently a offshoot of STD, running as a fully economically viable unit.

Indian Scenario:

India is the second largest producer of fruits and vegetables in the world after China. India contributes

10 and 13.4 per cent of fruits and vegetables in the world. Horticulture covers only 6.1 per cent of gross cropped area but it contributes 18.8 per cent of gross value of agricultural output. Thus, horticulture is important in creating the employment, enhancing the profits and providing the nutritional and economic security to the farmers. Horticulture crops are highly remunerative with more income per unit area and so useful for poverty alleviation in rain-fed, dry land, hilly, arid and coastal agro ecosystems. Horticulture crops are mostly used in fresh form and not in dried state as cereals. They are therefore highly perishable. About 20-40 percent of total fruit and vegetable production costing Rs. 5,000-6,000 crores goes waste every year. The losses of perishables occur in the post harvest chain- harvesting, grading, packing, transpiration, storage and marketing. Presently less than 2% of fruits and vegetables are processed in our country. However, as estimated 30% of this goes waste in the absence of facilities for processing and preservation, the perishable agro based produces mainly fruits/vegetables are unable to reach the consumers in time. Hence it is high time to give more attention towards post harvest management of highly perishable fruits and vegetables.

Himachal Scenario:

Himachal Pradesh has been endowed with a wide range of agro climatic conditions due to which a large number of horticulture commodities like fruit crops (from temperate to sub tropical), flowers, vegetables, mushrooms, hops, tea, medicinal & aromatic plants etc. are successfully grown here. Amongst the fruit crops, perhaps all kind of fruits grown in the country, except those which are grown in the warm humid coastal regions, can be produced in the State. Depending upon the agro-climatic conditions and the suitability of a particular area for the growing of specific fruit crops in that area, the State is broadly divided into four agro-climatic zones.

In addition to fruits, vegetable and flower cultivation is undertaken for off season supplies to the plains, mushroom cultivation is being taken up even by the landless for the augmentation of their income. Beekeeping is a necessary activity adjunct to the

horticulture industry, which besides providing pollinating agents for improvement of fruit set and productivity, also results in the production of economic apiculture products like honey and bee wax. The horticulture industry therefore is playing a great role in the amelioration of the rural economy of the State.

In Himachal Pradesh, diversification from cereal-based cropping system to vegetables is gaining momentum and more area is being put under cultivation of exotic vegetables on account of suitable temperate climate which has proven to be a remunerative venture.

An Experience of FARMER'S Group, Mandi,HP.

Approach/Strategy

The farmer's group mainly women's have set up and operating economically viable and self-sustaining micro enterprise for processing of agro produce in close vicinity of its availability with a network of SHG women in Nagwain, Sadar Block of Distt-Mandi H.P. Suitably de-scaled and adapted equipment and some innovative technologies have been put and being utilized for the purpose. A network of 120 small and marginal farmers and a separate women's SHGs named as FARMER'S has been formed for establishment of the micro enterprise having CC limit and vehicle for marketing and Raw material is being procured from the SHG members/primary producers. The women's groups are undertaken the processing of fruits and vegetables at different levels - home, satellite unit and nodal unit Quality control are being built into the system with suitable legal standards. Packaging and marketing will be undertaken centrally. Local markets mainly up tourist market are being tapped for sale of products to the maximum extent possible, thus obviating the need for transportation. The farmer's group is managing and coordinating the overall activities from networking of fruit and vegetable growers to marketing of the products, and also provides technical back up and support.

Methodology

An initial field investigation was conducted, based on the feasibility study for micro-entrepreneurship development in Nagwain, Sadar

Block of Distt- Mandi. Preference sorting for micro enterprise development was done in order, to establish the scope and finalize the product range.

At the outset a suitably located Nagwain, Nodal Centre was set up with appropriate infrastructure facilities. A Core team was selected which shall include at least one person with appropriate qualification in Food Processing Technology. Capacity of the core team was built through training at IARI, Delhi and further field level training at the Nodal Production Unit. Supplies procured from SHG members/ primary producers was processed and packed at the Nagwain Nodal Production Unit with having satellite units linked to the Nodal Production Unit for semi-processing activities. Technical collaborations were established with various resource agencies to conduct R & D and develop few niche products specifically suited to Nagwain area.

Linkages were established with government (through Gram Shreee Mela's) and private players mainly hotels/tourist up market for promotion and marketing of products. The Farmer group participated in various exhibitions also for promotion and sale of products. The S&T field group Farmer's have taken up the overall organization work of the Nodal Production Unit linking with marketing, other management aspects such as obtaining FPO license, training workers in quality control and in production.

Organizational Issues:

The organization was spun-off of STD, in 2008 a separate organization named as the Society for Farmer's and Development (SFD) was registered under societies act. The organizational structure today is that of a formal co-operative network of small and marginal fruit growers named as FARMER'S is working. The Governing Council includes women growers of the network and, over the years, has developed second and third lines of leadership. Prices for raw materials are decided upon by the Society in consultation with growers. Full and exact records are maintained. Each year, a Farmer's group meeting is organized at which annual accounts are placed. It decides upon the disposal of net profits as

bonus to Farmer's involved in production and marketing retaining the amount required for maintenance, repair and re-investment. The Farmer's unit presently is providing full time employment to 15 and 10 part-time women. Farmer's has raised 10 lakhs loans raised from Nationalize Banks towards CC limits/Vehicle at commercial rates of interest and thus having 42 lakhs turn over (2018-19). It is today a lead Org. in the field of Fruit processing industries and designated as a Core Support Group, DST and Technology Resource Centre of CAPART, New Delhi for technology transfer/training to groups from all over India.

Dr. K.N.Ganesh

Democratisation and political struggles: The case of cooperatives

Karl Marx in his analysis of the dynamics of capital, had identified the basic contradiction of the capitalist formation as the contradiction between the socialisation of the labour process and the anarchy in the ownership of the means of production, whether it is held by the individual, family or a corporate body. The contradiction becomes more acute when capitalist mode of production becomes a true global system. As the entire working population become part of the dynamics of capital, the very splintering of rights titles and ownership that we are witnessing today, aggravate the instability of the mode of production, bringing not only the working people, but the entire humanity under peril. Marx built his perspective on the proletarian revolution

on the basis of this analysis, bringing out the possibility of another social formation transcending the limits of capital from the already existing tendencies within patterns of industrial labour.

Marx's observations on co-operation are seminal in this respect. Marx pointed out that the spontaneous co-operation that the workers demonstrate in their workplace show their realisation that their labour is part of a social process. Workplace co-operation also is a practical response to the individualistic mythmaking that the capitalist indulges in freely, that industrial production is the output of immensely gifted skilled worker or artisan. The very process of specialisation and diversification of workers and the introduction of technology only help in enhancing the social character of labour and co-operation between the several units of the same industry becomes inevitable. It was the augmentation of this process that Marx counted on to realise the growth of conscious co-operative social labour in the worksite.

Lenin followed up the initial insights of Marx and extended it further. In his early work in the development of capitalism in Russia Lenin pointed to the process of differentiation of peasantry and the growth of the classes of poor peasants and agricultural labourers. Oppression if these classes had increased in the succeeding decades and reached crisis dimensions during the first world war. After the revolution Lenin went back to his earlier analyses and explored the possibility of co-operatives, not only enhance industrial production but also in rural areas. The soviets or worker's and peasant councils developing in urban and rural areas also provided the sites for attempting co-operative labour form and the growth of a different system of management, based on worker's control was also discussed. The emergence of Soviet collective farms was a continuation of this process.

It should be noted that the co-operative movement had yet another source. Utopians like Fourier and anarchists like Prince Kropotkin were already advocating co-operative mutual aid societies as an alternative to capitalism, and anarchists working in trade unions called syndicalists were advocating worker's

management under syndicates that were self-governing and autonomous. The Kropotkin model translated into practice by Leo Tolstoy influenced Mahatma Gandhi, who based his gram swaraj through mutual aid among various rural groups and castes living in a gram Panchayat. Mutual aid caught the imagination of a number of activists, presumably also because it was close to the established rural practices in India and numerous experiments in *swayamsahay paraspar sahay* and gram swaraj emerged. Another development in the same direction was the growth of finance societies and labour contract societies. Finance societies provided the basis for the later co-operative banking.

Another feature of this process also has to be observed. Such ventures in India were developing not from the industrial sector but from the sectors of petty production and artisan production. For example, in Kerala co-operative societies first emerged among artisan groups like the weavers or household operatives like beedi workers. Even among coir workers it was their household character that facilitated the first forms of co-operation again through mutual aid. Finance societies primarily developed among the farmers. Labour contract societies emerged from the dispossessed or unemployed workers and early workers' enterprises similarly emerged to prevent the capitalist from closing down their worksites.

Various forms of mutual aid, co-operation and labour contract practiced in India emerged as various strategies to protect the interests of the labourers, artisans and farmers, but it is doubtful whether they have been able to develop into the transitional forms as envisaged by Marx and Lenin. The reasons are not hard to find. The various forms of mutual aid never challenged the existing ownership forms whether landlord or capitalist but tried to protect the form of labour or resources of the worker, whether physical or monetary. This was the essence of the Gandhian mutual aid or gram swaraj. In other forms it tried to protect the existing production forms, which meant that it could never compete with capitalists who were ever improving their technological capability or were diversifying. The same is the threat before other self-help and mutual aid societies which are heavily dependent on state

financing. Labour contract societies and banks are definitely better especially when their mode of functioning is similar to that of the ordinary contracting or banking firm.

We are not disputing the usefulness of such efforts Do they correspond to what Marx and Lenin were indicating as co-operation? It should be noted that neoliberal imperialism is not averse to parting with a part of their funds as social capital or corporate social responsibility so long as such amounts help to smoothen the probable formation of pits and bumps in the pathways of capital. We know how Gandhi and Gandhism have always played the role of an effective buffer in the consolidation of capitalism in India, despite its utopian anarchist roots. There is no evidence that the co-operative enterprises on India have contributed to the socio-economic transition of Indian people in any recognisable form, in the way imagined by Marx and Lenin.

The reason for this appears to be the following: 1) The enterprises and projects undertaken by co-operative and allied sectors are generally labour intensive and often oriented towards small scale enterprises. Such an emphasis with a politically Gandhian legacy, cannot address the complex problems of transition in our context. 2) Such efforts concentrate on a specific trade or productive sector, often artisanal production, which may be developed or destroyed by the anarchy of capitalist Development itself. Efforts have not concentrated on diversified products of social value and their mode of production itself, which can be produced by associated producers of diversified capabilities and skills, who can also their products through enhanced capabilities, including new technologies. 3) wherever efforts of this kind are being made, they appear to follow the bourgeois right regarding class relations between the management and employees that is, transitional production relations from which true co-operation of associated producers can emerge in all spheres of production including finance and management is not even attempted, 4) Standard slogans current our society like redressive measures, poverty alleviation, empowerment, and social services pervade such efforts that the role that such efforts play in creating alternative forms are ignored or underplayed, 5) All these

result in depoliticised content and activism, which fails to convince even the participants that they are part of a process of transition, and that their participation implies the acceptance and furtherance of a new political position.

It should also be noted that co-operation in whatever form of a population group need not play a role in political transitions. Political transitions are always the result of political class struggles. However, alternative forms also develop or are consciously developed in the process of such struggles. One can think of the public distribution system in Kerala, which had its origins from the political intervention in famine relief programmes in second world war, or the common school system, which was a by-product of the democratic struggles of the workers and peasants. Several worker's co-operatives were formed from retrenched workers of factories. Except possibly in the case of Indian Coffee House, we have few evidences of such cooperatives surviving and challenging the capitalist enterprises in their own fields.

There are two possibilities that may be addressed. One is the growth of an alternate co-operative enterprise in any of the sectors where capital operates, which are operated and managed by associated producers and where the laws of capitalist accumulation and surplus value does not operate. It is not a socialist enterprise, it follows the bourgeois right, with the important exception that the principle of cooperation in the worksite and management becomes genuinely functional. Cooperation here is not a redistributive cooperation, where the contributor as labourer, financier, or manager gets adequately rewarded for their contributions (which is bourgeois right) but it works as part of a politically conscious association of producers who further and enhance the project, which itself is part of the political struggle. The second is organisation of the dispossessed and uprooted millions who become organised in the struggle for their rights and in the process also build productive collectivities that facilitate their survival and sustenance. It is however important to bring science, technology and management techniques to such collectivities which would enhance their capabilities for survival and for resistance. This will be an advance

from the artisanal, trade concept of cooperatives to cooperatives involved with actual process of production. Every struggle thus becomes an educative Process, and cooperation thus comes to signify advanced political consciousness of the working people.

In short, following the perspectives of Marx and Lenin, cooperative forms have to emerge as sites of consolidation and defence of class struggles developing in each sphere of productive activity, rather than ameliorative, service oriented measures. Where such measures inevitable as a result of the historical conditions, the mutual aid or self-help format In which such projects are being organised will have to be replaced by collectives of working people coming together to organise a productive activity, which acquires a clear political dimension, a worksite of struggle. Such efforts acquire paramount importance as the present big bourgeois landlord regime is providing clear signals that it is not capable of, nor is it interested in solving the livelihood problems of the working people all over the nation.

PABITRA KAR

The role of workers and peasant democratization of co-operatives

Owing to the adverse effects of the global neo-liberal policy in the field of agriculture has come to the verge of collapse in a world wide scale. Now it has become emergent to erect an alternative system of rendering livelihood and production for workers and peasants in agriculture by organizing them in the co-operative movement. The co-operative movement in our country is very old one, that started during fifties of the last century, so to say. But the common real agriculturists have not, so far, taken a considerable part in it in real term. This is because of the fact that the co-operative movement of the country is largely captured by the big land owners and group of vested interests. The managing committees are also not formed

properly. Considering all these weaknesses and irregularities, the Vaidyanath Commission tried to give emphasis on the removal of such defects in order to strengthen the system of democratization in co-operative movement and prioritisation of participation of peasants and workers and also to assert representation of women in the co-operative movement. But the recommendation of the commission fell flat on account of the wrong angle of views of the political leadership in power. Now the policy of the present central government will surely to be enhance the role of multinational corporation by creating companies and visiting responsibilities on them instead of promotion democratic role of the peasants and workers by way of their co-operatives. As result, the likely possibilities of increasing participation of workers and peasants and improvement of their standard of livelihood and increase of production have been struck at the root. We shall have to take initiative in advancing the AIKS to take role in strengthening the co-operative movement and encouraging wide participation of the peasants and workers in that movement. In this perspective I like to cite some account of successes in this regard in the state of Tripura.

Workers` Co-operatives : After institution of Left Front government in Tripura in 1978, it come to the notice of the govt, that some Tea gardens were found left aside as sick establishments. The workers were worn out to die from starvation for want of job. At the behest of the Left Front government, the workers were organised in the co-operatives in those tea gardens and loan was provided for from co-operative Banks to start life anew. That was why the state government had set up training centre to produce high quality of tea. Gradually, the said co-operative reached.

The milk producers also formed Co-operative and purchased milk, cows through the societies, boosted fodder cultivation and marketing of milk. This way production of milk was increased. With the increase of quantity of milk, the organisation of Milk Union was evolved as an apex body to provide effective marketing and assisting system. Thus the growth of milk advanced towards self-sufficiency.

In the field of agriculture and horticulture the small and marginal farmers formed co-operative societies. Tremendous growth was achieved in this sector and production of fruit could be raised in multiple quantities.

At the behest of the Left Front government the co-operative sector could shoot up to a satisfactory level and brought the cultivators, particularly the small marginal farmers, to a stage of almost self-sufficiency. This way we could exhibit to the nation an alternative economic policy in the agriculture sector by way of co-operative of system, though we lacked in land property. In all these performances, the AIKS took important role to organize farmers in the line.

But as ill luck would have it, on the 3rd March, 2018, an anti-people BJP-IPFT alliance government has come to power. They have started unleashing fascistic designs in place of the democratic system in the state. They have demolished the elected bodies in three tier panchayats by indulging forceful resignation of the elected representatives in those bodies. The managements of the co-operative societies are also demolished and their agents have been put in place. The State co-operative Bank, which emerged as a profit-making institute in the hand of the Left Front government, is now in the random loots by the BJP agents and hoodlums. All the democratic apparatuses are in the ruins. Elected bodies, particularly the management in the department of co-operation, are either forced to change political side or to resign to put the societies in there ugly loot and aggression. Of course, we hope that in the present situation the co-operative movement in the state will go a long way in helping in diverting the whole trend towards upholding the democratic fabrics.

A stage of producing the top quality tea in its own factory and elevated as a profitable factory under co-operative movement. The name of the garden is DURGABARI TEA GARDEN, whose name is spread far and wide in the country. The co-operative could elevate itself to a stage to provide for the workers the highest amount of wages, bricked houses, cooking gas, electricity, education cost to their children out of its own fund. In 2001, the central government

awarded this Durgabari co-operative a prize of reward with caption "Excellent awards for workers co-operative". In this manner, the government could re-orient more 9(nine) old tea gardens in the state by organizing them under workers` co-operative and have brought a change in the life of the workers by increasing production of tea and making them viable.

Another important step taken by the Left Front government in the tea sector was to organise the small tea growers in the co-operative societies. Small tea growers meant those small and marginal farmers who were having tea-producing land between one acre and one hectare. Small co-operative societies were formed with about 20 (twenty) small tea growers` (marginal farmers`) bodies and were given loan and other facilities and guide lines in respect of skill development in the affairs of management and also in producing tea. Good results were obtained in this sector. This was a unique device in the field of co-operative movement.

Another example was to organise the Primary Agricultural co-operative societies (PACS) formed by common peasants as members. The peasants could get the agriculture appliances, irrigational and other equipments through these PACS. Beside this, the farmers could get consumption loans also from these PACS. Among the PACS mention may be made of Ranir Bazar PACS, which was accumulated a profit of Rs. 5,00,000/. In the year 2017-18, the recovery of loan is made to the extent of 100%. This PACS was rewarded a silver medal in 2004 by the central government. In the years 2009, 2012,2014,2016, Tripura was rewarded 1st prize for brilliant performance in the co-operative sector. The 1st Self-help group of women had provided loan to 1230 women members. The recovery of loan here was also 100% . Laxmi Lunga PACS had membership of 2283. These two PACS had started banking facilities to provide loan to the farmers in an easy manner.

The small and middle rubber cultivators have formed rubber co-operative societies (RPS) for processing and marketing the production in collaboration with the Rubber Board. In a short while, it become a dependable organ for the rubber producers.

Benny Kuruvilla

Role of Workers and Peasants in Democratisation of Cooperatives – the case of Kerala

Kerala is unique in several aspects. It has forged a divergent path from the rest of India with human development and redistribution gains that are at par with developed nations. In the initial decades following its incorporation as a state in 1956, Kerala followed an egalitarian development strategy making remarkable progress in redistributing land, achieving complete literacy and pioneering what was one of the world's first large scale programmes for decentralized participatory planning led by panchayat (village) level governments.

This unique trajectory, labelled 'the Kerala Model' in academic and development policy circles, was advanced by progressive forces in the state that



included the Left Democratic Front and a vibrant network of people's movements involved in culture, science, environment, education, labour and women's empowerment. This paper focuses on one of these aspects of Kerala's developmental experience: how a web of successful worker-run cooperatives function across the state despite multiple challenges including India's tryst with neoliberal reforms in 1991 and subsequent integration with the global economy. Compared to the rest of India, cooperatives in Kerala have benefited from progressive measures undertaken by Left governments such as providing adequate budgetary allocations and strengthening governance, training and research.

Situating cooperatives within Kerala's progressive politics

Even before its formation as a state, Kerala had a history of radical labour movements, especially in the northern Malabar region. The Kannur Beedi Workers Union organised a historic 38-day general strike in 1937, pressing for a charter of demands, including the right to read during work breaks. The strike was a limited success; it was withdrawn after a notional wage increase but it succeeded in raising the political awareness of workers and was remarkable for the solidarity it received from people in the neighbouring villages.¹ The All Malabar Peasants Union had a paid membership running into several thousand in 1937 and the Shertallai Coir Factory Workers Union had 98 per cent of workers as members in 1946.² This legacy of a strong unionized workers movement was a critical factor in ensuring government policies conducive to the formation of cooperatives as an alternative form of economic organization in the state.

The next section of this paper focuses on progressive worker-led cooperatives that enshrine the values of democracy, solidarity, worker control and alternative production relations. The paper concludes with some of the challenges facing the cooperatives movement in the state.

The Uralungal Labour Contract Cooperative Society

The Uralungal Labour Contract Cooperative Society (ULCCS) is one

of Kerala's most well-known and successful cooperatives. While the mainstay of ULCCS has been construction of roads, bridges and buildings, it has now diversified into tourism, agriculture, dairy products and also the construction and ownership of its own Information Technology Park.

It was founded as a labour contract cooperative society in 1924 in the context of struggles in the Malabar region for national liberation, labour rights and against caste discrimination.

Today, the ULCCS is Asia's largest labour contract cooperative society that is jointly owned by 3,000 workers and has an annual turnover of 500 crores.³ Workers vote in a five-member board of directors at an annual general meeting. These elected directors are also the managers of the cooperative.⁴ The workers' democratic right goes beyond annual meetings to include workplace participation. The profits from ULCCS's operations are divided among the members after allocating the capital required for purchase of fixed assets. ULCCS claims that a worker's average earnings is approximately 30 per cent higher than in private construction firms.⁵ The board members are expected to be at construction sites everyday and have regular discussions with the workers engaged in the project under implementation. The board of directors serves for five years and is responsible for the procurement of contracts, purchase of capital equipment, choice of appropriate technology, decisions on diversification and allocation of workers to different worksites.

Over the years, the state government has played an important role in supporting ULCCS. This includes ensuring preferential treatment to cooperatives while awarding public construction contracts for various road projects and educational institutions.⁶ For example, the Kerala government passed orders in 2003 recommending that local governments should give preference for contracts to labour cooperatives. In 2009, the Kerala Tourism Department appointed ULCCS as an executing agency for its projects.⁷ Low interest loans have also been provided by the government to ULCCS for the purchase of vehicles, machinery and share capital contribution. Government contracts make up some 52 per cent of total projects

and the rest come from the private sector and other cooperatives.⁸

Kudumbashree mission and collective farming by women

The Kudumbashree mission was launched in 1998 by the then LDF government as part of a radical state-wide programme called the People's Plan Campaign for Democratic Decentralisation. As it moves into its third decade, Kudumbashree (meaning 'prosperity of the family') unites over 4.3 million women in what has been described as one of the 'greatest gender justice and poverty reduction programmes in the world'.⁹ The programme is open to one adult woman from every household in Kerala and is primarily organized around neighbourhood collectives comprising women who are economically disadvantaged. As of March 2017, there were 277,175 such neighbourhood collectives across Kerala.¹⁰ These groups also work as a sort of community extension of the local governments and receive loans from various sources such as the National Bank for Agriculture and Rural Development, state and central governments. The programme, with an incredible coverage of nearly 60 per cent of all Kerala households, has spawned a diverse network of collectives spread across sectors such as textiles, construction, transport, restaurants, handicrafts, agro-processing and farming. Added to low interest loans and subsidies, these collectives are also provided access to technology, training and marketing from the mission office and district resource teams.

The women collectives of farmers of Kudumbashree form arguably the most innovative and inspiring group. Some 320,000 women are organized into 59,478 collectives and farm upto 43,375 hectares across 14 districts in Kerala.¹¹ This programme is unique on several counts. Firstly, the women enter the programme as cultivators, not labourers. A group of four to 10 women form what is called a Joint Liability Group, which then identifies the land in the village and surrounding areas for cultivation. Often the land identified is fallow and with the help of the panchayat, it is registered in the name of the group. The women get this land on lease with the deed approved by the Kudumbashree district mission office. Members of the collective may also pool their own land. For example, if

three to four women own small plots next to each other, they can register it collectively and avail of various incentives provided by the government. Either way, the registered Joint Liability Group is then supported by Kudumbashree in various ways – from facilitating loans for the lease amount at subsidized rates, provision of farm machinery, subsidised seeds, fertilisers and pesticides. The state agriculture department also provides periodic trainings and technical support. The collective members always work on the farm themselves or, if the farm is of a larger size, can hire outside labour. The agriculture produce is first consumed by families of the collective members and the remaining surplus is sold in the village markets.

Collective farming has been one of the biggest successes of Kudumbashree, with thousands of hectares of otherwise fallow land being brought under cultivation for rice, vegetables and fruits. Recently, the Food and Agriculture Organisation High Level Panel of Experts of the Committee on World Food Security commended the contribution of Kudumbashree to livelihood security and as a tool of political awareness in Kerala.¹² In the 2015 local governments elections in Kerala, 13,993 members from various Kudumbashree collectives contested and 7,376 women won with an impressive strike rate of 52 per cent.¹³ As India continues to be in the throes of a deep agrarian crisis, an estimated 2,040 quit farming every day.¹⁴ Kudumbashree has bucked this trend and brought tens of thousands of the poorest women in Kerala back to agriculture, enhancing their food and livelihood security and revitalizing production in the state.

Malabar Meat Products: a social alliance of peasants and workers

The Brahmagiri Development Society (BDS) was set up in Wayanad in 2000 as a response to a deep agrarian crisis in the hill district. With a crash in prices in the region's main crops such as pepper, coffee and cardamom, farmers were caught in a debt trap resulting in several hundred peasant suicides over half a decade. In a meeting convened by panchayats in the district that was also attended by representatives of left peasant groups, several proposals were

tabled including the importance of diversification of the regional economy by setting up a network of cooperatives.¹⁵ Since 2000, BDS has implemented a range of programmes in collaboration with local panchayats such as watershed development, biogas plants, milk cooperatives, farmers' markets, agri-chemical products and training workshops for farmers.

The latest BDS project is Malabar Meat, which was launched in 2014. This is a modern meat processing plant set up at a five-hectare campus in the town of Sulthan Bathery. It is India's largest multispecies abattoir and the country's first farmer-worker cooperative in the meat industry with both forward and backward linkages with the local economy. Currently there are 13,500 members from neighbouring villages who are part of various BDS initiatives. Malabar meat provides buffalo calves, goats and baby chickens at subsidized rates to roughly 2,500 of them. These cattle breeding programmes are partly undertaken in collaboration with the Kudumbashree mission and funded by the National Bank for Agriculture and Rural Development. When the animals and chicken attain maturity for slaughter, the cooperative buys them back at guaranteed market rates, enabling its farmer-members to make a profit. The mechanized slaughter and processing unit provides direct employment to 130 people who are mostly from the local community. Some 16 products including frozen meat, cutlets and sausages from the unit are sold at competitive rates through a network of more than 105 Malabar Meat outlets across the region.¹⁶

Of the total project cost of 20 crores, the Kerala government provided 4 crores as a grant and 10 crores as a low interest loan.¹⁷ More funds were raised through member contributions and local people. In February 2017, Malabar Meat received a financial assistance of 10 crores rupees from the Kerala government for capital investment and for increasing the distribution of calves to farmers under the cooperatives buy-back scheme.¹⁸ The funds from the Government have also necessitated a change in the management structure of the cooperative with four government representatives (from the departments of animal husbandry, dairy development, agriculture and finance) now on its board of directors. Plans are also underway

to set up Malabar Meat outlets across the state and enable online delivery.

Advancing the solidarity economy

In Kerala, cooperatives across sectors are supported and nurtured through responsive government initiatives and finance. An important reason for the success of these cooperatives is that they do not function in isolation. Many of the individual cooperatives are connected through a complex web of cooperative finance, local governments and producer markets and therefore united in a movement that is advancing the solidarity economy. Cooperatives have been widespread in Kerala, therefore contributing in a sense to the resistance against the hegemony of big corporate actors in a range of sectors such as finance, agriculture, retail, diary, transport and construction. The broad spectrum of cooperatives has also meant mutual collaboration within and among various sectors, economies of scale and the ability to introduce technologies that enable them to be viable even in adverse economic conditions.

The challenges facing cooperatives are many and they have to continuously reinvent and diversify in a fast-changing and adverse national and international economic context. ULCCS is a success because it managed to remain competent in its core sector of construction but also to diversify into new areas such as Information Technology (IT) and farming. Kudumbashree is now selling many of its products online and Malabar Meat is also expected to begin online deliveries across Kerala. New policies introduced by the central government such as the 2017 Goods and Services Tax have curtailed Kerala's ability to raise resources for social schemes, essential services and developmental projects. Other challenges include the rising power of technology corporations and their evident and future disruptions in the world of work and consumption. The continued attempt by central governments for deeper trade and investment integration through free trade agreements will further increase the imports of cheaper agricultural and industrial products. But as Kerala's cooperatives gear up to face these complex and formidable challenges, they

continue to offer inspiring examples of an alternative future where solidarity enterprises put workers and societal welfare before profit.

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Preethy Sekhar

Co-operatives : possibilities to defy the rule of capital

One becomes curious about the possibilities of workers and peasants' co-operatives in the background of unspeakable miseries which the bankrupt path of capitalist development has heaped on the people of India. Rapid accumulation of wealth by bourgeois-landlord classes is causing serious injury to the peasantry and working poor both rural and urban. Cultural degeneration accompanying it is equally miserable. Pre-modern inequalities and ignorance have not only persisted but is getting reinforced by commoditization of every aspect of social life. Capitalism without modernity is the essence of our socio-economic dynamics.

Rising Unemployment

A huge number of youth in our villages, towns and cities are without jobs. This crisis is becoming more and more serious with every passing day. The fifth annual employment survey conducted by Central government's Labour Bureau revealed that 4 out of 10 Indians in the working age group do not get throughout the year work. Around 2.46 crore people (above 15 years) are added to the labour force in India every year. Around 1.15 crore of this force actually seek jobs, rest are either students or women. Most of them remains jobless and some gets job as contract or casual labour.

The State of Work Report released by the Azim Premji University in 2018, says job growth is less than one percent. 92 per cent of women and 82 per cent of men earn less than Rs 10,000 per month, which is much lower than the minimum wage of Rs 18,000 recommended by the Seventh Central Pay Commission. Of India's 467 million work force as of 2015, 46.6 percent were self-employed, 32.8 percent were casual labourers, 17 percent were regular salaried workers and the rest had contractual employment. Job growth was in manufacturing sector largely and that too in form of contract workers.

The menace of contractualisation

There has been alarming shift from permanent jobs to contract employment in our country in all sectors. All industries are proposing expansion at the cost of the wages of the workers. Jobs in almost all sectors varying from manufacturing industry, banks, insurance, schools and colleges are being contractualised across India.

In the industrial sector, the wage gap between permanent and contract employees is significantly high. In technology and services sectors, the gap is even higher. Nurses, a big chunk of employees in the private companies of all sectors like insurance, banks, outsourcing agencies, BPOs etc are highly insecure as far as jobs are concerned. Referring to high rate of contractualisation in the labour force in India, ILO director general Guy Ryder had remarked

that the country needs to make efforts to create more “decent jobs” and formalize its workforce.

Agrarian crisis

Millions of families making their living from agriculture are in a great crisis. Farmers’ suicide has become a routine fact of life in many parts of the country. The livelihood of agricultural workers belonging mainly to Dalit and Adivasi communities, especially women, has come under severe strain. Hunger and malnutrition are stalking the countryside, leading to deaths of thousands of children. Rural distress is pushing out a large number of youth from villages. They are forced to live in pathetic conditions in the periphery of big cities suffering intense exploitation and intimidation. They live in pathetic and wretched conditions. India’s growing inequality of income is much more evident in urban areas than in rural areas.

Agrarian crisis is altering the land use pattern drastically. It is inflicting marginalization not only in the size of cultivated land but marginalization of the profession itself. Land is slipping out of food grain economy to commercial crops and also out of agriculture. Real estate development is emerging as a major industry which is further distorting the livelihood of peasantry.

Co-operatives as a site of resistance

By and large, democratic forces’ resistance to the bankrupt path of capitalist development has remained weak. Mobilization of workers, peasants, youth, students, women, Dalits and tribal people in local and national agitations on the one hand and implementation of alternate policies, though severely constrained, by Left led state governments on the other – these have been the mainstay of democratic resistance. Surviving the onslaught of capitalism and projecting alternative models of economic organization have taken many novel forms.

The work of Left-led governments including implementation of land reforms has been remarkable achievements. Though not discussed as loudly as the role of Left-led governments, co-operatives of workers and peasants have had a significant role in the

struggles for economic survival as well as projecting alternatives to the prevailing development paradigms.

However, experience of states like Maharashtra highlights the danger of co-operatives becoming auxiliary instruments in the overall dynamics of capitalist accumulation. Sugar barons controlling sugar co-operatives in Maharashtra is a case in point. Amul, perhaps the most celebrated co-operative has ended up as another by business house unable to challenge ruthless capitalism that has taken over the whole of Gujarat as its favourite play ground.

Unless we are able to visualize co-operatives as extension of class mobilization of workers and peasants, co-operatives may end up as indirect instruments of capital mobilization for the big bourgeoisie. One would wish co-operatives become active in such sectors of economic life that will create possibilities for challenging the rule of capital in fundamental ways. Building co-operatives should not just be an act of economic survival but also creating resources for long term struggles to overcome monopoly capitalism.

RANA MITRA

COOPERATIVE – A DEMOCRATIC INSTRUMENT OF ALTERNATE MODULE OF CAPITAL MOBILISATION AND SHARING OF SURPLUS

Prologue

The global economy under the present Neo-liberal dispensation, with its attendant disastrous social and environmental policies that perpetuates galloping inequality, hunger, destitution, environmental catastrophe at one end and increasing surplus at the other for diminutive minority, lies in tatters. While the fiscal and monetary stimulus of unprecedented scale has been able to arrest a total collapse of global economy so far since the global melt down of 2008, a sustained recovery has become a chimera for more than a decade since incubation of the latest crisis. This necessitates a wide-ranging debate and action (introduction of



a real “praxis”) at the ground level that irradiates hatching of an alternate module of capital mobilization, appropriation and sharing of surplus, divorced from usual path of neo-liberal economy. In this, cooperative structures based fully on seven basic principles of a cooperative organization¹ as enunciated below will be of immense help to fight out and repulse the attack of neo-liberal capital on the lives and livelihood of common men and women.

Indian capitalism in the third decade of reforms is facing an existential crisis now with clear destruction of “animal spirit”. This is not the so-called “creative destruction” of the kind that Schumpeter referred to, as there is almost negligible new capital or enterprise replacing the old ones. Since around October 2018, even the big players, like Tatas, Reliance et al are encountering the heat. Fresh investments – both in public and private sector are now hitting the 15-year low as per CMIE data¹, with unemployment kissing at 7.6%, a 45-year record.² This necessitates the breaking of the logic of neo-liberalism to attempt a solution to fix the problem. In this backdrop, it is heartening to see that like their cooperative counterparts in Europe and elsewhere, in spite of facing several hurdles in the operational environment post introduction of Neo-liberal economic policies in India in 1991, cooperative banks on a pan Indian template – both Urban Cooperative Banks (UCBs) and the Short Term Structures like State Cooperative Banks (StCBs), District Central Cooperative Banks (DCCBs) and Primary Agricultural Cooperative Banks (PACs), with the exception of long term cooperative bank structures, continue to show impressive performance on an average (with strong regional exceptions). This is so when their Scheduled Commercial Bank (SCBs) peers and other structures like Non-Banking Finance Institutions (NBFCs), Infrastructure Financing and Leasing Institutions that deal primarily with exotic financial instruments,

1 According to the International Cooperative Alliance (ICA), there are seven basic principles on which the entire edifice of any cooperative should be made to stand. These are the updated version of Rochdale principles of cooperatives and include: i) Voluntary and Open Membership; ii) Democratic Member Control; iii) Member Economic Participation; iv) Autonomy and Independence; v) Education, Training and Information; vi) Cooperation among Cooperatives; vii) Concern for Community.

face serious operational issues like growing NPAs, burden of huge write offs etc. This is accepted even by Reserve Bank of India in its latest "Report on Trend and Progress of Banking in India, 2017-18".³

Cooperatives: An essential adjunct of economic philosophy of Rabindranath Tagore

In a brilliant analysis in his famous article on cooperative policy ('Samabayneeti') Tagore wonderfully noted how the asymmetry between the relative power of capital and wages of labour asphyxiates democracy even in the context of USA. He penned, "....But where there is serious gulf between capital and wages, there is every possibility that democracy will get distorted at every step. This is because the vector of all power is money. Where there are differences in earnings, the power of the state will not flow down to all subjects equally. Therefore, in the United States, in running of state and administration, one gets introduced to power of money at every stage. In that country, money builds public opinion, the tyranny perpetrated by money-power pulverizes everything inimical to the interest of the rich. This cannot be called as the autonomy of the people. Because of this, the principal tool by which we can ensure adequate freedom and democracy as an asset for all is to collate peoples' power for earning money. Only in this case, the wealth in the form of money will not get concentrated in the hands of one individual or of a class; then the right to enjoy the power of money, now the exclusive property of the rich and billionaires, will get spread to all. A time when many people get to learn convert their individual power into collective wealth through the intermediation of cooperatives, then it can be said that foundation of true human freedom and democracy is laid down....."⁴

Cooperatives- Through the prism of thought of V.I. Lenin

The powerful role of cooperatives in harnessing the spirit of collectivism and equity leading to injection and nurturing of socialist principles in people (especially in scientifically, culturally backward mass of peasants in Russia) was not missed by V.I.Lenin. During the time of launching of New Economic Policy (NEP) in 1920s, Lenin had written two brilliant pieces on Cooperation

published in the Pravda on May 26 and 27, 1923. He wrote: ...But not all comrades realize how vastly, how infinitely important it is now to organize the population of Russia in co-operative societies....All we actually need under NEP is to organize the population of Russia in co-operative societies on a sufficiently large scale, for we have now found that degree of combination of private interest, of private commercial interest, with state supervision and control of this interest, that degree of its subordination to the common interests which was formerly the stumbling block for very many socialists...."⁵. Lenin never stopped in just outlining the importance of organizing people- especially small and poor peasants into cooperatives for gradual transition to socialist principles in a backward country. He understood this would be the simplest, easiest and most acceptable way for the peasants to organize themselves on to path of socialism.

Financial cooperatives - useful instruments in episodes of financial crisis

Financial Cooperatives – Broad Contours of Current Structural Templates

Before we delve into the state of affairs of the financial cooperatives prior to and after the current global financial crisis from 2008 onwards, let us have a critical look into current global structural templates of financial cooperatives:

The current global structure of financial cooperatives is dominated by two broad groups, notwithstanding their regional and country specific variations. These are: European Cooperative Banks² and the

2 European Co-operative banks play a major role in the financial and economic system. Their resilience during the crisis made co-operative banks a key driving force in the economic recovery. With more than 3,800 locally operating banks and 71,000 outlets, they serve more than 180 million customers, mainly consumers, SMEs and communities. According to the European Association of Co-operative Banks (EACB)'s (the umbrella organisation of cooperative banks in Europe) governance principles, each full member is given the same weight in the decision-making process, regardless of its size, country of origin or its financial contribution. Further, their credo "Everything we do - Everything you know" ensures the commitment of their Secretariat to inform, consult, consider and respect all opinions and advices from the members.

Global Credit Unions³. Tables: 1catches a glimpse of functioning of European Cooperative Banks and Global Credit Unions:

Table 1: Capturing data on Credit Unions and European Cooperative Banks at a glance⁶

Financial Cooperatives	Credit Unions	European Cooperative Banks (data relating to year 2010)
Numbers	51,013 in 100 countries	3874 local cooperative banks in 20 countries
Members	196.5 million	50 million
Customers	196.5 million	181 million
Assets	US \$1563.5 billion	€ 5647 billion
Deposits	US \$ 1222.6 billion	€ 3107 billion
Loans	US \$ 1016.2 billion	€ 3305 billion

So, it can be seen from the above table, in Europe there are 3874 local cooperative banks spread over twenty countries with 181 million customers among which 50 million are members of the cooperatives. They have 21% of the market share of deposits, 19% share of loans. Additionally these cooperative banks have € 5647 billion in assets, € 3107 billion in deposits and € 3305 billion in loans.

On the other hand, the credit unions with 196.5 million members / customers spread over 100 countries have market penetration ratio of nearly 8%. They have collectively \$1563.5 billion in assets, \$ 1222.6 billion in deposits and \$ 1016.2 billion in loans. However,

3 More than 50,000 credit unions operate in 100 countries worldwide. By providing community-based financial services, credit unions empower people to access high quality and affordable financial services. They help nearly 200 million members – many of them reliant on low income and/or financially excluded – to create opportunities such as starting small businesses, building family homes and educating their children. In young democracies in particular, members encounter their first taste of democratic decision-making through the member-owned credit union. The main difference among European Cooperative Banks and Credit Unions centred on their services to members and non-members. In Credit Unions, customers and members are the same entities, whereas, clientele of cooperative banks can be non-members too.

their importance cannot be fully captured from the above figures. The credit unions touch the lives of some of the poorest strata in society creating a significant socio-economic impact in their lives.

Financial Cooperatives: During and after the recent global financial crisis

State of European Cooperative Banks just before and after the crisis of 2008

After the crisis, two of Rabobank's researchers studied forty-five European banks.⁷ They compared the performance of cooperative banks in Europe with their investor-owned competitors on a crucial measure of bank stability called the Tier 1 ratio. They found that, almost all cooperative banks had complied with the Tier I ratio of 8%. The reason for this sterling performance of cooperative banks, according to the above two researchers, was that the cooperative banks focused more on retail and added profits to reserves, while their competitors were more diversified and had to distribute profits to their shareholders.

On the whole, it can be said that cooperative financial sector has encountered the global financial crisis much better than their joint stock banks / share holder driven banks both in Europe and elsewhere. Only in few places central cooperative banks had to accept government's bail-out assistance.

Present state of cooperatives in India- A quick tour

The vast expanse and outreach of the cooperative sector in India today, a result of historic struggle by peasantry and working class since pre-independent time, can be broadly gauged from the following table 2:

Table 2: Cooperative share in Indian economy⁸

Sl. No.	Item	Percentage share
1	Agricultural Credit disbursed	13@
2	Fertilizer distributed	36

3	Production of Fertilizer	25
4	Sugar Produced	50
5	Yarn Production	22
6	Milk production	22
7	Handlooms	54
8	Wheat Procurement	3
9	Fishermen cooperatives	21
10	Storage Facilities (Village level PACS)	64

@ The share of cooperative banks in total flow of institutional credit to Agriculture and Allied activities came down from 18% in 2006-07 to 12.73% in 2017-18.⁹

Therefore, the cooperatives have significant presence in number of important sectors of Indian Economy with more than or equal to 50% share in Sugar, Handloom and Storage facilities at the village level. It has an impressive share in production and distribution of fertilizer, yarn production, fishing and in sectors like milk production.

Future of Financial Cooperatives in India

Financial cooperatives in India have basically three structural templates viz. Short Term Cooperative Credit Societies (STCCS), Long Term Cooperative Credit Societies (LTCCS) and Urban Cooperative Banks (UCBs). Rural credit cooperatives were born more than 100 years ago and are decisive in providing agricultural credit especially to small and middle peasants and agricultural workers. All these three templates play a very important role in financial inclusion of excluded masses. As on 31 March 2016, the ST CCS comprised about 93367 PACS, 370 DCCBs and 33 StCBs. The long term co-operative credit structure consisted of 13 State Co-operative Agriculture and Rural Development Banks (SCARDBs) in States/UTs and 601 Primary Co-operative Agriculture and Rural Development Banks (PCARDBs). The total membership (ground level) of the LT structure

aggregated 132.27 lakh, of which, borrowing members were 68.13 lakh (51%).¹⁰ However, out of 12.73 crore membership of PACs, only about 36% (4.62 crore) are borrowing members, making the other members being dependent on other sources of finance, especially usurious moneylenders at the village level. The no. of UCBs in India as on 31 March, 2018 is 1551 with a deposit base of Rs. 4565 billion and advance of Rs. 2805 billion. No. of financially sound UCBs has increased from 248 as on 31 March, 2010 to 684 as on 31 March, 2013.¹¹

Today the UCB, ST and LT cooperative credit structures are facing lot of problems. However, even according to RBI, the UCBs, StCBs, DCCBs and PACs (recovering from the shock of demonetization in 2016-17) have been outperforming in terms of several parameters of efficiency than their SCB peers.

Epilogue

On the whole, it can be said that cooperative banking channels, inspite of encountering problems of resource crunch and other structural issues, still appear to be the best channel to serve the interest of Indian agriculture, especially its vast component of small and marginal farmers. Any structural changes contemplated should take into account the historical issues apart from current evidences relating to various aspects of the issues involved without blind adherence to the philosophy of neo-liberal economy. Nothing short of a total re-envisioning of the way we organize our economy and society with alternate policies of capital mobilization and equitable surplus distribution will do. Let this be the main credo to fight out attacks of global finance capital today.

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Dr. Surajit Mazumdar

Alternative Policies on Capital Mobilization, Appropriation and Sharing of Surplus

This note focuses on identifying the contours of challenges that must be faced in the process of capital mobilization, appropriation and sharing of surplus.

The Problematic

The cooperatives we are discussing are those that have to exist and operate within a larger capitalist context, not those that whose creation is the accompaniment of the abolition of large-scale capitalist property, as an intermediate form of property ownership in the path to complete socialization of property.

In capitalism, the fundamental division is between those who command property and those who are



propertyless. This sets up the conditions for the exploitation of the latter by the former as what has to be paid in exchange for the labour-power of the propertyless is less than the value created by their use. Any 'cooperation' among the workers in the process of production happens only through them coming under the common authority and direction of a single capitalist.

Capitalism also long ago created an institutional mechanism of 'co-operation' among property owners, or a system of collective ownership, in the form of the joint-stock company. This allowed individual masses of capital to achieve a scale far beyond what the individual wealth of anyone would permit. This and the associated development of the credit system and pooling of money capital by banks and other financial institutions also meant that a class of owner-capitalists could be created whose commands over sums of money or value were not large enough to function independently as capital. The development of the credit system also created the conditions for a separation between the owner-capitalists and the functioning capitalists (managers) - and a corresponding division of the surplus value generated in production between the part directly accruing to owner-capitalists (in the form of dividends, interest and to and also rent) and the retained earnings of the enterprise.

In countries like India where capitalist development was limited for a variety of historical reasons, non-capitalist property ownership has also existed including a class of small property owners who also labour. One kind of cooperative whose creation on this basis could in principle be imagined is one where the assets of small property owners are pooled together to achieve scale but the resultant enterprise is jointly-owned and democratically-controlled so that there is no separation between owners, workers and managers of the kind associated with capitalist cooperation. However, an element of such separation will emerge as soon as such an enterprise seeks to expand the assets that it commands beyond what its original members can provide by accessing additional resources through the credit system and also if it seeks to increase its number of workers/employees beyond that provided by the original owner-workers. This in time can mean a process of converting small property

owners who labour into pure owner capitalists rather than workers and the cooperative enterprise basically becomes only a variant of the capitalist joint-stock company. If such an outcome is to be prevented - then the dispersion of ownership among non-workers in the process of mobilizing additional financial resources must be limited and hiring of additional workers has to be accompanied by their simultaneous absorption into the group of owners too. These must be in addition achieved even while operating in a framework of competition with capitalist enterprises, a competition which is the system's coercive mechanism for imposing the logic of capital on all enterprises. Therein lies the challenge of reconciling the financial sustainability of the cooperative enterprise in a capitalist context with its political purpose of serving as a means of developing the struggle against capitalism. The nature of this challenge can be illustrated in more detail by a comparative evaluation of the options available to a cooperative enterprise relative to a joint-stock company.

Raising Finance and Distributing the Surplus: The Joint-Stock Company versus the Cooperative Enterprise of Workers

In a joint-stock company, each share represents a claim on a fraction of the net assets owned by the company (assets - liabilities to non-shareholders) - and the aggregate of such claims represents the equity of the company - and the profits earned by these assets after deduction of other claims to the surplus over costs like interest, rent and taxes (in the normal accounting parlance of capitalism - profits of a company refer to the difference between revenues and costs where interest and rent payments are treated as costs - taxes are levied on these profits and dividends are paid out of what is left after deduction of taxes) While the total capital commanded by a joint-stock company may take the form of either equity or debt/borrowing (including borrowing through marketable instruments like bonds and debentures), only those providing their money capital against shares (shareholders) are deemed to be legal 'owners' of the company - though it is universally accepted that shareholder democracy is almost always a myth.

a) In the case of a joint-stock company, the set of “owners” need not remain fixed as the shares of such a company are transferrable through sale. This has one important implication - namely, that the benefits of the profits earned by such an enterprise need not accrue to owners by their actual distribution among them but in the form of capital gains (increase in price of the shares). In other words, the profits (or a part of it) can be retained by the company to accumulate - acquire additional property or assets -thereby increasing the value of assets to which any share represents a claim and hence also its potential price in the market. A variant of this is simply converting the claim on the profits into additional shares of the company.

A cooperative enterprise, however, cannot have such free saleability of its equity to non-working owners. In addition, if it is to offer to its worker owners’ better earnings and other benefits than in a pure capitalist enterprise maximizing exploitation of workers, then some part of the ‘surplus’ must go towards the consumption of workers rather than accumulation. In addition, of the part which is used to accumulate, a part would also need to be earmarked for allocation of ownership rights to any additional propertyless workers the enterprise may take on - this is the equivalent of the stock options given by companies to employees but without the corresponding freedom of sale.

b) Joint-stock companies can raise additional resources through the issue of additional ownership rights (share issues) to anyone with means and not necessarily to those who may work in the company. Further, a joint-stock company doesn’t face the constraint of needing to ensure that the distribution of ownership rights is relatively egalitarian. Cooperatives cannot do the same and thus would be more confined to raising additional resources through the debt financing route. However, a constraint is faced there too relative to joint-stock companies as the debt-equity ratio is an important factor used by commercial lenders to assess the ‘creditworthiness’ of any borrower. In general, commercial lending is likely to treat lending to such cooperatives as riskier. Partly the reasons for this are objective in nature as enterprises that are not to be run on purely commercial lines will be seen as ones having

a higher probability of being commercially unsuccessful and defaulting on repayment obligations. There is always, however, also a subjective or ideological element in this, stemming from the fact that fundamentally the credit system works in the service of profit making.

One aspect of the process of financialization and the increasing significance of profiting through financial activities, a characteristic of the neo-liberal era, may be that it has increased credit availability and created several new channels or institutions for financing of capitalist entrepreneurial ventures. However, this has been accompanied by also a greater play of commercial and speculative forces in the flow of finance. As such it has perhaps made the environment of the financial system more hostile than earlier for cooperative enterprises. In India, another feature of the neo-liberal development process has been that a significantly larger part of the savings in the economy takes the form of retained earnings of large corporate enterprises and doesn't enter the process of credit.

What Can be Done?

From what has been said previously, cooperative enterprises of workers face a more severe trade-off between distribution and accumulation of their 'surplus' than capitalist enterprises, and also a more constrained situation with regard to mobilizing external resources for financing accumulation. The latter, in turn, results from a combination of the limitations imposed on a cooperative enterprise by its own distinct imperatives and the more adverse external environment resulting from the capitalist character of the financial system. That the context for cooperatives is so should not be surprising since, if it was otherwise, reproduction of the class relations of capitalism would have a very weak foundation.

One of the prospects for a possible reconciliation of better earning for workers with greater availability of internal resources for accumulation lies in the replacement of the capitalist method of regulation and direction of collective labouring activity, which relies on the exercise of power and inevitably produces antagonism and alienation of the labourer, by the self-motivated and governed

process of the cooperative enterprise. Theoretically, such a change could result in an increase in productivity and reduction in costs – and thereby a larger ‘surplus.’ Achieving this practically within a larger capitalist milieu, however, poses a severe challenge but if achieved it would also improve the prospects of securing external finance by creating a more secure basis for commercial viability of the cooperative enterprise.

The prospects for commercial viability of cooperative enterprises would also be potentially greater in sectors or activities which are more amenable to a monopolization by cooperative enterprises that prevents the entry or dominance of large-scale capitalist enterprises. These would be activities the production of whose outputs, or inputs, and the requisite assets are primarily in the hands of small property owners or producers who can be organized into cooperatives of large scale, or where these small producers and owners constitute the major markets are to start with. In the specifically Indian case, on account of large number of small owners of land and livestock – agriculture itself, all industries mainly dependent on agricultural raw materials, livestock products or industries producing mainly agricultural inputs – are examples of such kinds of activities (and it is only in them that any kind of cooperative has tasted any success). Building a significant sector of cooperative enterprises of workers by focusing on such activities essentially amounts to trying to create a challenge to capitalism by leveraging the consequences of limited development of capitalism in India and the fact that the expropriation of the peasantry and the small producer was not therefore completed.

It is also possible to think of political movements improving the prospects of raising finance by cooperative enterprises. One way is by these movements compelling the state to adopt regulatory policies which facilitate flow of institutional credit to the cooperative sector and some element of preferential treatment of that sector. The other way is by the political mobilization of sections of middle-class employees as potential suppliers of finance to cooperative enterprises from the savings activity that they normally do. These would be ways of tempering the purely commercial orientation of

the financial system. Some flexibility in raising finances from that system can also be introduced by 'learning' from Indian capitalists on how to exercise effective ownership rights over the money of others and adapting their mechanism (which relies on a network of cross holdings between companies) to the objective of ensuring the working owners do not cede control to pure owners in the process of raising finances.

Clearly, politics is central to dealing with the structural constraints faced by cooperative enterprises of workers in a capitalist context, and political mobilization and struggles on a significant scale are the pre-condition for making use of any of the measures to overcome these constraints, and not merely the ones in the immediately preceding paragraph. The critical question then is, can the creation and running of such cooperative enterprises be also the agenda through or around which such large scale political mobilization of peasants and workers, and other strata of society, is achieved?

Thomas Franco

ALTERNATE POLICIES ON CAPITAL MOBILIZATION AND APPROPRIATION AND SHARING SURPLUS

- Co-operatives are still doing well in some States and many Countries
- Kibbutz & Moshavs in Israel – started by the Jews who migrated to Israel from USSR still exist and many of them are doing well.
- In spite of Amul, Lizzat Papped, many Housing Co-operatives, Dinesh Beedi and Indian Coffee House – they are neglected and the Central Governments have not supported them adequately.
- Capital is needed for any business / Service and now new forms are widely promoted like Venture Capital, Angel Investments, Block Chains, Crypto Currency etc.



LET'S HAVE A QUICK LOOK AT THESE-

1. Angel Investments: For a new entrepreneur seed money is provided by angel investors if they find the project viable. The money is invested as share which can be taken away. e.g, Alibaba
2. Venture Capital: For new entrepreneurs the investment needed after seed money is mobilized is provided as Venture Capital. The money comes as equity share which can quit with profit or otherwise.
3. Block Chains: Block Chains are links using cryptography based on trust. In India they are not legalized.
4. Crypto Currency: Crypto Currency is a digital currency used as medium of exchange using cryptography built on trust. They are considered as Co-operative systems but not endorsed by RBI.

In China, Israel and many other Countries the Government provides seed Capital as well as First round capital either as a support or as loans at cheaper rate of Interest. Whereas in Our Country except a small amount to very few start ups, the rest are asked to go to banks and avail loans including Mudra Loans. Banks do not have trust that the enterprise will succeed and money will come back. Hence either no finance is given or under financing takes place.

SOME SUCCESSES WITHIN THE COUNTRY BASED ON NEW POLICIES

There are many successful models. Some of them are -

- **Self Help Group Federations:** SHGS are groups, mostly of women which mobilize savings from members, give loans and avail loans from Banks and other Finance Agencies for Enterprise as well as consumption. They are functioning from 1992 with the launch of a Pilot Project by NABARD.
- **Kudumbashree Neighbourhood Groups Kerala:** Kudumbashree which is a Project of the State Government has promoted thousands of micro enterprises. This was possible because of

the left front Government. These groups are slightly different from SHGs which have a ceiling of 20 members.

- **MALAR SHG Federation, Kanniyakumari, Tamilnadu:** An independent Federation - self sustaining for 25 years based on a self reliant model based on mutual trust and sharing
- **Farmer Producer Companies:** Farmer Producer Companies can be Societies, Trusts, Private Ltd Companies or Sec-8 Companies. Non-farm activities like fishing, allied agriculture and other activities also can be covered under Producer Companies. NABARD provides subsidy upto 20 lakhs. There are many FPCs doing well like coconut Producer Companies, Poultry, Diary, Goatery, Moringa etc. Where Co-operative Societies are under severe interference from ruling Governments, FPCs are good alternatives.
- **Section 8 Companies:** Sec-8 Companies are registered under Sec-8 of the Companies Act (previously Sec-25). These companies reinvest profit within the company and do not share the profit among members. They help members in Production, Technology, Marketing etc. We have a Cape Comorin Resource Foundation registered under Sec-8, started by philanthropists. (Mainly NRIs who want to help the local development through locally available resources). This company provides feasibility study, technology, producer – purchaser interfaces, marketing guidance including online marketing, guidance to get finance etc. The entrepreneur has to ensure quality and timely supply. The rest of the risks are taken care of by the company which collects some service charge.
- **Private Limited Companies:** Private Limited Companies promoted by like-minded persons can attract investment. There can be upto 600 members. The Company can also allot preferential shares beyond the 600 share holders. The profit is shared by the share holders after providing dividend to preferential share holders. Many FPOs are registered as Pvt. Ltd. Companies.

SUGGESTIONS FOR CHANGE IN POLICIES:

- The Co-operative system should be strengthened without interference of Govt but encouraged by the Govt. They should be made grass root level democratic organisations. [In Germany State Level Banks are Co-operative Banks who have a mandate to invest funds within the State only and involve in developmental Activities]
- The Kerala Co-operative Bank should be approved by RBI which can become a model for other States.
- NABARD should be given adequate support. Staff to help Co-operative banks. NABARD should also provide technology to Co-operatives like vernacular software and voice based recognition technology.
- Kudumbashree model should be studied and replicated across the country.
- Farmer Producer Companies promoted by NABARD should concentrate on small and marginal farmers and exclude the rich farmers.
- The SHG Federations (Not Micro Finance Companies) should be encouraged and given freedom to operate within their territory (District) and Banks should be given target within Priority Sector Lending – Direct Credit to SHGs.
- The Government should come up with adequate funds for new enterprises based on the project proposals. 80% may fail but the 20% can contribute to the growth of the economy. Without this support we can never become entrepreneurial economy like China and Israel.
- We require Development Finance Corporations like IDBI once more to finance long term projects.
- We require tax exemption for Start-ups for 3-5 years.
- Decentralized Economic Growth models based on locally available resources should be planned and promoted.

Suneet Chopra

Co-operation As the Process of Liberating Labour From Exploitation

Co-operation is one of the essential conditions of our development as humans. Marxist thinking describes its organic relation with the human condition in a simple pamphlet: “The Importance of Labour in the Development from Ape to Man”. The essential difference highlighted here is the purposeful activity of man beyond his biological needs and instincts. As such any struggle to assert our human essence requires the recognition of co-operation as an essential feature of our existence as human beings. This has a number of implications.

The first of these is that the types of co-operation travel along the history of the different stages of social development that transform them according to their



characteristic needs. The connection of humanity with different forms of co-operation goes back to the reproductive life of mankind. Even reproduction requires sexual co-operation, while the different forms of social formations ranging from hunting and gathering, to shifting agriculture, to peasant agriculture, to feudalism, both of the slave variety and the semi-slavery of serfdom, to manufacture, to fully developed capitalist production and socialism as a transition from a society that promises the fruits of labour from everyone according to their ability to everyone according to their work, to communism that promises them from everyone according to their ability to everyone according to their needs. As such it carries with it a message of our humanity and its aspirations that go beyond and the limits of any mode of production and level of human social development. This is based on the necessity as a relatively weak species to cooperate with others to survive. Both survival and the capacity to make adjustments for it are characteristics of the human condition and its evolution overtime.

co-operation is an essential feature of our being and should be nurtured and developed at every stage of social development to serve as an essential tool not only to develop material production but also to be used as an instrument to free labour from the burden of exploitation that uses it primarily as a source of accumulation of wealth and its capacity of increasing productivity as a source of profit. This quality has evolved historically over time and is equally amenable to change with the prospect of higher and more creative social formations.

Both these qualities have seen the process of development using co-operation to effectively utilize social diversions of labour with individuals pooling together different capacities, skills and organizing principles to achieve different social objectives.

For a number of these, India has provided excellent examples, which Karl Marx had noted in his seminal work, *Capital* (Volume-I). He notes on page 392 how co-operation has contributed to the separation of trades spontaneously, and then crystallized by law (as under caste rules), into the “small and extremely ancient Indian

communities” that are based on possession in common of land, on the blending of agriculture and handicrafts, and an unalterable division of labour which services, whenever a new community is started, as a plan and scheme ready cut and dried”. In its simplest form, the land is tilled in common, and the produce divided among the members. At the same time, spinning and weaving are carried on in each family as subsidiary industries”.

Even in this low productive state, co-operative enterprises reflect an economic viability that generates not only surplus that was utilized to pay for priests, fortune-tellers, tool-makers, guards, metal smelters, singer, poets, artists, but also created remarkable monuments like the Pyramids of Egypt, the irrigation systems of the Tigris and Euphrates and cities like Mohenjodaro that survived for thousands of years without much change. But the important point to note is that even though a surplus was generated it was siphoned off in luxury consumption by the state. Still, the stability that co-operation provides society cannot be ignored.

The element of change in this process was brought about not only by the emergence of increasingly different goods for exchange in the market, produced under conditions of slavery and semi-slavery at first, but at the same time creating a local market that in turn boosted new forms of technology and industry that broke down the very system that had developed it up to the point that productive forces changed the relations they were born under beyond recognition.

But most of all, the manufacture of commodities developed not only a hierarchy of skills, better technologies, guilds and a far greater variety of products and wealth that could no longer be contained by the narrow elite of religious functionaries, slave owners or landlords. So not only did classes of merchants, free artisans and labourers emerge as consumers but the accumulation of wealth increased enormously. But while this wealth increased, the accumulators of wealth at first cajoled and later forced labour-power itself to become a commodity as wage labour, which Marx described aptly as “wage slavery”. It is the most significant point

of change in the process of co-operation up to the present as it transformed the internally necessary coming together of labour to produce for its needs into an externally controlled drilling of different types of work force into the source of profit through exploitation that increased the burden of work with every new development.

The process was based on the fact that the socially acceptable price for this commodity that was pegged at subsistence, while the products created out of it contributed a surplus value that the organizers of labour called profit, claiming that the wealth was generated by capital and not by labour whose dead past it represented.

This turnaround of the process of creating wealth also turned the co-operative character of the work of independent people coming together as working communities to individuals trapped in crowded factories over long hours under the control of the owners of wealth to produce much more of it to be reinvested to draw in greater numbers of those who sold their labour power to subsist. It is evident that from this perspective we are working to liberate labour from the stranglehold of capital that has diverted both the fruits of its labour to those exploiting it and also to restore its creative possibilities in far more favourable conditions of today.

In facing this process of endless exploitation with bouts of unemployment in between as part of a "reserve army of the unemployed" who are urged to compete with the employed for lower wages and to divide the working class to make its exploitation and the increase of wealth among a handful easier. But the increasing competition between the exploiters themselves and the pauperization of the rest of the population opens new possibilities to develop concepts like the welfare state, socialism and even communism. This was made easier for the exploited and dispossessed masses as capitalism too was dependent on the human quality of co-operation to extract its profits.

Marx has pointed out that it was the "division of labour in manufacture, and the social division of labour which forms the

foundation of all production of commodities” (Capital Vol-I, p-385). He designates the separation of social production not only into agriculture, industries etc. as the division of labour in general and the splitting up of families as division of labour in particular and the division of labour within the workshop as division of labour in detail. Here we see how a natural division of labour caused by differences of sex and age develops on a purely physiological foundation, enlarging its capacity materially with the increase of the community, of population and eventually in the subjugation of community by community and man by man to the point where it becomes unacceptable by humanity in general.

At the same time, the human principle of co-operation develops from the coming together of communities from below as equals in self controlled democratic institutions to communities under the control of individuals and classes of exploiters (Capital, Vo-I, P-360-361). But it is very human basis of this institution of co-operation that can be used as a concrete alternative to capitalist society and a safety net for the working class to prevent it becoming poorer and poorer through increasing exploitation, dependence and unemployment. It is this that keeps the co-operative movement alive in the most adverse conditions of capitalist development.

To illustrate this and highlight the issues it raises we must look at the development of co-operatives in the concrete conditions of our country as it generally reflects the conditions of co-operative development in the world. This is evident in the key note address of T.M. Thomas Isaac, Contextualizing Worker Co-operatives where he notes that in 2013-14 there were 2.5 million co-operatives with the membership of nearly 1 billion. The G-20 countries with 85% of the global GDP and 64% of the world population account for 86% of global co-operative employment. The highest proportion of 21.2% is in China, followed by South Korea, Italy and India at 10% and continental Europe at 7.6%.

In India, part IV Article 43 as a Directive Principle orders the State Government to promote the cottage industry as an individual or co-operative in rural areas. In Schedule 7 as Entries 43 and 44 in

the Union list and Entry 32 in the state list, the right to form co-operatives can be construed as a Fundamental Right emanating out of Article 14 –the Right to Equality and Article 19(1)(c) as the Right to form Associations and Unions. In fact even where the state is financially supporting a co-operative it is not permitted to exercise any control over it. But in practice the growth of co-operative sector has ended up with total government control and manipulation. So registration is only important when benefits from the government are availed of or exemption claimed under the Income Tax Act. As such they are an important weapon in the hands of the working class and peasantry to free themselves from the limitations of an exploitative society.

A number of legislative acts exist, like the Co-operative Credit Societies Act of 1904, The Cooperative Societies Act 1912, The Gujarat Co-Operative Societies Act of 1961 and the Karnataka Co-Operative Societies Act 1959. There is the Mutually Aided Co-operative Societies Act of 1995(MACS), that began in Andhra Pradesh and was followed by Bihar, Jharkhand, Madhya Pradesh, Chattisgarh, Jammu and Kashmir, Karnataka, Odisha and Uttarakhand which was finally strengthened as the multi state co-operative societies act 2002. Despite considerable legislation, there appears to be a preference towards developing co-operatives into farmer producer companies.

The differences are considerable. The latter are registered under the companies act and not the co-operative societies act. Co-operatives are open to any individual or co-operative, but companies are limited to producer members and their agencies. Co-operatives do not need professionals on their boards but can be co-opted to the boards. Co-operatives are restricted in area and companies are operated all over the country. Co-operatives are allowed relations restricted to transactions while companies can form joint ventures and alliances. The shares of co-operatives are not tradable while those of companies are tradable within the membership. Co-operatives are under excessive administrative control, their borrowing power is restricted and dispute settlement is limited to the co-operative system while companies are not restricted in their operation.

Co-operatives can range from self help groups to micro-enterprises, and are particularly amenable to homogeneous groups of workers. They can be seen to be either producers or service co-operatives, but their operation is different if they are imposed from above by government funds, interference and nominees on boards while those from below are more egalitarian, democratic and in the control of the ordinary members. But in the framework of capitalist society, a similar state system, and being dependent on government and financial institutions of the state, they tend to get distorted, requiring considerable political and institutional knowledge among their members to be able to survive. The issues related to this aspect of the co-operative movement require considerable discussion, experience and independent treatment in the workshop in practical discussions.

Amiya Patra

Role of people's cooperatives in procurement, stockholding and marketing

The last five years have seen unprecedented rise in hardships in the lives of common people particularly of the farmers and Agricultural labourers. The government has failed miserably in providing minimum support price to the farmers for their farm yield and also in providing work and minimum wage to the farm labourers to help them survive which resulted farmers had to sale their marketable surplus in the hands of middleman in a very low price. In this backdrop the nation has witnessed the united movement of farmers and Agricultural labourers in different parts of the country. The previous government had not spelled out its policies and directions regarding co-operatives. The NDA which has returned to power with



increased strength in the Lok Sabha will, without an iota of doubt, intensify exploitation of the people through Neo-liberal economic reforms with renewed vigour and multiplied enthusiasm. There are clear and definite indications of the public sector being weakened, undertake reform of labour laws, creation of landbanks and privileges being extended to the corporate organisations to help them flourish. In the backdrop of these difficult times the struggle to keep alive agriculture sector, the entire peasantry, Agricultural labourers and the rural economy though extremely tough is not untenable.

In this changed situation our endeavour have to adopt an alternative approach which help us to sustain and inspire us to march ahead depending on people's unity and participation.

Primary tasks to form of people's co operative movements -

1. The prerequisite for this project is to change the prevailing casual approach and mindsets of all functionaries working under AIKS and AIAWU. Henceforth fight for building peoples cooperative movement will be a one of the main task and no more a optional task.
2. In most of the states cooperative institutions run and controlled by a section of people on their own interest. They are not in favour of participation of community and they're against universal membership. It's our task to open all doors, remove all barriers and allow people to join in co-operatives movement.
3. Cooperative movement itself is a broader platform where it will be possible to attract more and more people who are not under our political orbit.
4. AIKS and AIAWU have to organise various meetings, seminars, symposium, discussion, debate on cooperatives to develop consciousness among activist of both organisations.

In short our to do list would entail :

1. In order to ensure the participation of the community in co-operatives the Large Sized Adivasi Multipurpose Co-

Operative Societies, state-level State Co-operative Marketing Federation and national-level National Agricultural Co-operative Marketing Federation will have to work in an integrated manner with the Primary Agricultural Credit Co-operative Society (PACS), the organisation that is playing a leading and decisive role in the villages, and efforts will then have to be made to procurement Agricultural, Horticultural and Forest Produce.

2. Co-operative societies will be the vehicle for collecting rice, wheat, oilseeds, potatoes, pulses, vegetables, fruits, rubber, coffee, cotton etc at support price.
3. Cold Storage, Multipurpose Cold Storage, Rice Mill etc which are conducted by co-operatives will have to be added to the integrated programme. The women self-help groups functioning in the villages will have to be put to use for collecting and processing. NABARD and co-operative banks will have to play a special role in providing training to these groups and in building necessary infrastructure.
4. Peoples cooperatives will feed supply chain of PDS. Rice, wheat, potatoes, edible oil, fruits, vegetables, pulses etc, food products required for preparing Mid-day Meal and food at the ICDS centres will have to be supplied through co-operatives. Food products required for the National Food Security project can be procured from the co-operatives in addition to FCI. Co-operative being a subject enlisted in the state list it is imperative that the state government show interest in these enterprises by intervening and taking necessary initiative.
5. State co-operative bank, NABARD and the State Government will have a specific role in providing principal amount/ credit to the farmers for procuring Manure, Fertilizer, Agricultural implements Packing Machinery and other Other Inputs required for farming. Farmers will get all agricultural input, implements from cooperatives in a moderate price.

Involvement of Co-operative Institutions and Beneficiary in the Proposed Integrated Policy	
Name of Society	Involvement
1.1 Primary Agricultural Credit Society	Village level Agency for procurement of Agricultural, Horticultural, Animal Husbandry and Forest Produce and its Processing and Marketing.
2.Large-sized Adivasi Multi-purpose Co-operative Society	Do
3.Co-operative Agricultural Marketing Society Block/Taluk Level	Procurement of Agro-product, Bio-fertilizer, Other products of Self-help groups and Marketing
4.State Co-operative Marketing Federation	Do
5.NAFED	National Level Apex Body to be engaged for Development of infrastructure, Skill Development, training and inter-state Trading.
6.Self Help Groups	Supply of Food Materials, Pulses, Vegetables, Spices etc for Mid-day Meal and ICDS Centres.
7.Co-operative Rice Mill and Cold Storage	Storing and Processing
8.Whole of Peasantry and Agricultural Workers	To be involved as Beneficiary / Stakeholder

6. In this process co-operative organisations will outspread the range of their activities in the market and also within the community . The market forces shall never accept co-operatives supervising the collection, preservation, processing and marketing of Agricultural, Horticultural, Animal Husbandry and Forest Produce. There is huge financial irregularity involved in the procurement and the supply of food products in the present system. Corruption

of this magnitude is impossible without the unholy nexus of various business groups, bureaucrats and politicians. The alternative system that we are proposing will not be successful without the support and participation of a large mass of the population. In this regard AIKS and AIAWU have correctly said which needs to be reiterated “Both AIKS and AIAWU are committed to facilitate all kind of support to rally different progressive and democratic social sections to aid worker-peasant co-operatives. The general perception was that the scope of intervention through co-operatives is so high and will benefit peasantry and agricultural production and we shall put pressure upon the State in this regard. Co-operatives shall be promoted by mobilizing the peasantry beyond political affiliations and we shall extend all support to peasantry in that endeavour. The purpose is to advance the peasant movement against imperialist model of neo-liberal economic reforms and develop co-operative spirit among the peasant masses and rural working class through political struggles for building alternatives.”

C. Rajan

KERALA DINESH BEEDI – EXISTENCE IN THE CO-OPERATIVE WAY

Kerala Dinesh Beedi Workers Central Co-operative Society, popularly known as Kerala Dinesh was established in the year 1969 (registered on 15th February 1969) and the society is in the process of celebrating its Golden Jubilee, marking glorious 50years of its existence.

HISTORY

During 1950-60s there were not much developmental activities taking place in the state and the main source of income of villagers for livelihood was from Agricultural related work which is limited to seasons. Taking up employment as beedi worker was easy even though wages earned is very very small, as there was no industrial employment opportunities in Northern

Kerala. Hence in rural areas men and women largely took up beedi rolling for their lively hood in Kannur and Kasargod districts, which are considered as backward districts, in those time.

There were several thousandsof people working in Beedi sector in Northern Kerala. These workers were doing Beedi rolling activities for Karnataka based big manufacturers like Mangalore Ganesh Beedi, Bharat Beedi, P.V.S Beedies, PrakashBeedies etc. Few domestic beedi manufacturers like SadhooBeedi, ChattaBeedi, HaridasBeedi were also in the same business, but their business activities were very small and they could not make use of local men who wanted to take up beedi rolling, for their lively hood.

The wages given to the workers were very low and the workers had been struggling to make the both ends meet. They were totally unhappy on this and this resulted in the enactment of Beedi and Cigar Workers(Conditions of Employment) Act 1966. This legislation is considered as the 'MAGNA CARTA' by the Beedi workers in the country. The catalyst behind this is Late A.K. Gopalan, M.P(AKG). As per the Act it was not mandatory for all State Government to implement it. But the then Govt. of Kerala under the leadership of Sri. E.M.S Namboodiripad decided to implement this Act with effect from October 1968. As per the Act the manufacturers were under obligation to pay decent wages and benefits to its employees.

Under the above circumstances the Karnataka based manufacturers like, Ganesh beedi, Bharat Beedi, PrakashBeedi and P.V.S Beedi abruptly stopped their manufacturing activities in Kerala rendering thousands of workers jobless, denying their livelihood.

The Trade Union and Govt. tried their best to force the manufacturer to restart their manufacturing activities, but they could do nothing in front of the adamancy of manufacturers.

No democratic Govt. can show a blind eye against this. The State Government had to act briskly. The Late T.V.Thomas who was holding the industry port folio supported by the then Labour Minister Late. MathaiManjooran took up the responsibility entrusted by Government. They held series of discussions with all

Trade Union, Political Parties and finally it was decided to form 100% workers Co-operative in Beedi sector. Thus Kerala Dinesh Beedi Workers Central Co-operative Society was born and registered with State Registrar of Industrial Co-operative (Director of Industries and Commerce) on 15th Feb. 1969. The founder Chairman, late G.K. Panicker was given the responsibility of organising the business, by the State Government. Sri.Panicker was working as Regional Joint Director in the Department of Industries and Commerce. Sri. G.K. Panicker and his team struggled hard to drive the organisation in the right track.

STRUCTURE

It was decided to form one primary co-operative society each in every area of the northern districts where beedi workers were engaged in beedi rolling work. Thus 20 primary beedi Co-operatives were registered starting from Northern most part Manjeswar to Badagara northern end of Kozikode districts.

Apart from this 20 primaries, one Central Society was also formed. While individual beedi workers were shareholders in any one of the primary society, each Primary (one representative for one primary) Society, was member in Central Society. Now 7 elected Directors (from primaries) and 2 nominated Directors by Govt. (full time chairman and General Manager, DIC) consisted the Board of Directors of Central Society. In the beginning each share value was fixed as `20/-. As the daily wage earned was less than `3/-day it was difficult for workers to spend `20/- for their share. Here also the Government acted swiftly. Government extended `19/- each to all prospective share holders(i.e Beedi workers) as share capital loan and each one contributed his part `1/- to make it the full share value of `20/-. The share loan of `19/- was to recover from wages earned, in instalments.

All the Primary Societies will have to work as per the guidelines of Central Society even though the Primary Society have its own Board of Directors. In nutshell the Central Society is the Apex Society of all Primary Societies. Recently some of the Primary Societies amalgamated and now 18 active Primary Societies are

working.

Initially the Secretaries of Primary Societies were from form Industries department (co-op inspectors). They were working for co-operative and salary was given by Government.

The entire business is controlled by the Central Society. The tobacco and tendu leaf is purchased annually by stringent tendering/ direct negotiation by the Board of Directors of Central Society and distributed to all primaries as per their need (weekly/monthly). The blending of tobacco is also the responsibility of Central Society. The entire requirement of labels, packing materials are also procured and distributed by Central Society to primary. The common Brand 'Dinesh Beedi' is owned by Central Society.

SELLING CHALLENGES IN INITIAL STAGE

Beedi, like few other sector is a sector where brand loyalty strongly exists, even now. In some sectors the brand loyalty disappear over a period (like match box) but in beedi still the brand loyalty exists.

Initially around 3000 workers were engaged in production of Beedies. The daily production (about 30lakh nos. Per day) of Beedies found it very difficult to sell in the market. For the smoking people, Dinesh is a new item and switching over to a new brand was very difficult. As a result, the stock of unsold beedies were piling up and the working days had to be cut. At this juncture again all the workers, Trade Unions and Common villagers swung in to action taking Dinesh Beedi to every petty shop and gradually the market picked up. The rest is history. The strength of work force increased from 3000 to 42000 in 1990s and Dinesh became most sought after Beedi brand in entire Kerala, part of Tamil Nadu and Karnataka.

DECLINE

Even though established and started working from 1969, till 1973, the Society had to struggle to find market and to give more employment and balancing of employment demand and market, was problematic. But from '73 onwards the sailing was smooth till mid 1990's. Then the decline started, initially in small way.

The management took this up seriously and analysed the reasons. Anti tobacco policy of Government, increased health awareness, higher income of youth to buy costly cigarettes, mushrooming local beedies without paying wages as per Government notification and giving higher selling margin to retailers etc were the reasons found.

BEEDI PRESENT SCENARIO

Now we have only around 5000 member workers in beedi sector. Approximate production is 90 crore beedies and the turnover is `75 crore/year approximately.

PRESENT PROBLEMS

As a Co-operative society controlled by the State Government, we have to function, observing all Government directions, paying wages and salaries as per Government notifications and paying all taxes and duties. At the same time, private companies, deviate from rules, do not pay 100% taxes, will not pay wages and benefits to all workers. In short Dinesh has no level playing field and competing in the market is a big problem.

DIVERSIFICATION

As a Co-operative, Dinesh cannot violate any rules and regulation and had to find out new ways to stay in the scene. Thus in 1996 a seminar was organised in Kannur participating all trade unions, entrepreneurs, eminent personalities, bureaucrats etc. Several ideas emerged. The management of the society discussed these ideas in detail and finally decided to set up various diversification projects.

Diversification Projects of Kerala Dinesh Beedi

1. DINESH FOODS

Under diversification programme, the first project taken up was Foods Processing unit named as Dinesh Foods. It was started in 1998 in the Head Office compound and later sifted to Thottada and Kanhira, about 8km away from Kannur city where Head Office is situated.

Under Foods we have now three units.

- a. Spice and Curry Masala Powder unit at Kanhira.
- b. Fruit Processing Unit, by the side of NH17 Thottada where coconut based products like Coconut Milk, DC Powder, Virgin Coconut Oil, Coconut Milk Ice cream etc are also manufactured along with Squash, Jam, Syrup, Pickles.
- c. Tea Packing unit near Head Office at Chalad.

Quality:-Our food products are HACCP and AGMARK certified. North Malabar Coconut is best in the world it is said.

Export: Our coconut products, mainly Coconut milk, Virgin Coconut Oil are exported. Recently we have exported milk to Norway, Australia.

Employment: Around 100 employment is created in this sector out of which 80% is erstwhile beedi workers (women). This is as per our rehabilitation policy.

2. DINESH UMBRELLA

In this sector also we have given employment to Beedi workers (rehabilitation). Now we have 4 small units in different locality of Kannur district. When private umbrella manufacturing activity is limited to 8 to 9 months, we provide employment round the year. Our product range include Kids, Ladies and Gents Umbrella in single, double, 3 fold and 5 fold category satisfying every category of people. Of late we started manufacturing car umbrella(reversible umbrella) Garden Umbrella and 'Muthukkuda'(meant for temple festivals and processions). The price is on par with other leading brands.

3. INFORMATION TECHNOLOGY (Dinesh IT System)

Several people exclaimed, how beedi manufacturing company venture in to Information Technology.

It all started with the establishment of an Auditorium complex which was later expanded in to IT Park cum Auditorium.

Our IT unit is in the first floor of Dinesh Auditorium which even now remain as the best (centrally air conditioned 1000 seated A/c) Auditorium in Kannur. In the second floor two IT units are housed. Both are in co-operative sector. One is Dinesh IT system and the other one is MITCO. We both cater to the IT need of Co-operative Banks other Co-operative institutions.

Dinesh IT now provides Core Banking software to primary Co-operative Banks, Merchandising software to Co-operative and Private, Mobile Banking. We recently venture in to ATM network solution also for Co-operative Banks.

A remarkable recent development is establishment of a Data centre for all Co-operative Banks who are using our Core Banking Software. We also cater to the needs of others also. This is first of its kind in Kerala in Co-operative sector (perhaps in India ?).

We provide employment to about 50 Engineers and Technicians. Preference is given to sons/daughter of Beedi workers.

We have plans to establish 2 more Data Centres in middle and southern area of Kerala covering the entire state.

4. DINESH APPARELS

Dinesh Apparel was established in 2007 with one unit housed in the second floor of Dinesh Auditorium Complex. This is an export oriented unit with all modern machinery and equipment. Since 2009, we are continuously exporting our garments earning around `5crore as foreign exchange annually. Now Dinesh Apparels have 2 more units, out of which one is in Kasargod district. We have been making use of existing land and building wherever possible. These 3 units provide employment to about 400 people mostly woman and dependent of Beedi workers of Dinesh.

5. DINESH AUDITORIUM

The Auditorium complex was established in 2001 dedicated in the name of late G.K.Panicker IAS, the founder Chairman. Comprising a main Function Hall (1000 seats) a Video Conference Hall (150) a Board room (30) and a Class room (100) Dinesh Auditorium Complex

is considered as best in Kannur city with all modern facility.

DIVERSIFICATION OF PRIMARY SOCIETIES

Of late, we have decided to diversify at primary level also because in several primary societies, the number of workers have come down owing to retirement. Since Dinesh do not want to expand in Beedi, we have not recruited nonew workers in Beedi since last 20years. If there is no other activity, when beedi production stops, the primary may go to liquidation. Hence we thought of diversification at primary level and few primary societies took up diversification in different sectors. Details are as follows.

1. Payyannur Primary- Restaurant (Cafe Dinesh is the Common Brand Name)
2. Tellichery Primary - do -
3. Pinarayi Primary - Restaurant and Out door catering
4. Kannur Primary - Restaurant

Two more (Nileswar and Kottachery) are coming up and are in different stage of implementation.

Apart from the above, some primary societies started retailing business, selling mainly dinesh products such s food products, Umbrella and Apparels. Retail showroom outlets now are opened at Kannur (3Nos) Payyannur, Dharmadam, Kasargod, Kanhangad and Cheruvathur.

FUTURE PROPOSAL

We propose a state of art coconut complex.

CONCLUSION

Started with a Government initiative we give importance to the society at large. Pricing of our product is always in tune with purchasing capacity of common man we never over price. We give good quality hence AGMARK, HACCP,ISO9000. We are the only Co-operative who have SA8000. We have been awarded all India winner by ASSOCHAM in SME sector, in the category of Fair and

Ethical Business, for the last 5 years since 2014,15,16,17 and 2018.

EMPLOYMENT & BENEFITS

We give first preference to Beedi workers and their dependent, then come local people. As part of rehabilitation of workers we are now utilising the service of Beedi workers, in Food Processing, Umbrella and Apparel units.

In all our units we give wages and benefit as per Government notification. We give ESI, PF, Holiday Wages, Annual Leave, Sunday Wages and medical benefit to all beedi workers which amount is 503/1000beedi. When private beedi manufacturers give very low wages and without any social security benefits such as PF, ESI. As per our knowledge in state like West Bengal, Madhya Pradesh, Assam etc the average wage for 1000 beedi is less than `100/- and no benefits . In southern states like Karnataka it is 150-180, Tamil Nadu 170-180 and even in Kerala, private manufacturers give less than `200/- only.

EMPOWERMENT

General knowledge of a beedi worker is always in fore front. This quality has been attained by them from the work place. In each work shed, one man or woman will be engaged for reading newspaper. In some branches where the number is high, they even used mike system. They read newspapers (one or two) Novels and Weeklies. The readers work will be compensated by all workers who will give 5 or 10 Nosbeedi out of his work. Hence a 100men branch will make up 1000 or 1500 for the reader by contributing. The knowledge they received throughnews paper, helped several people to become noted politicians. There are beedi workers now acting as Panchayat President, MLA and other higher level.

In short, with the establishment and working of Dinesh Beedi there has been a social change in North Malabar.

DECISION MAKING, DINESH WAY

Usually in an organisation, the top management and Board of Directors take all important decisions. In Dinesh, all major decisions

are taken with the full consent of all Trade unions. The political and Trade union knowledge and the management skill of the society help the society to arrive at acceptable and good decisions to make the society move forward.

STUDIES ON KERALA DINESH BEEDI

Several studies were conducted on the functioning of Dinesh. Even now students and academicians approach us to study how Dinesh is still working in a most democratic way smoothly. Among the studies so far done on Dinesh, the prominent one is the study jointly conducted by Sri. Richard Frank, a German Economist and Sri. T.M. Thomas Isaac, the present Finance Minister, Govt. of Kerala. This study is captioned "Democracy at work in an Indian Industrial Co-operative". Every body who studied Dinesh found it as unique.

Dr. Vikas Rawal

Constraints in the Neo-liberal Era and the Role of the Agrarian Movement

The record of development of worker-peasant cooperatives in agricultural production, delivery of services for agriculture, and agricultural marketing in the post-independence period in India has not been remarkable. While there have been some successes – credit cooperatives and dairy cooperatives are clearly the most obvious examples – these are exceptions rather than the norms. There have also been some important but more localised successes in terms of building a specific cooperative. What explains the overall dismal record and the few successes that we have? What lessons do these have for the future task on this front? These are the questions I would like to deal with.

Indian countryside is a locus of great economic inequalities. There is a large body of literature now – from village-level studies to studies based on large-scale national data – that show that income and wealth inequalities in India have been increasing and are at extraordinary levels. At the root of these inequalities are sharp contradictions that exist between the working people and the dominant classes within the countryside, and between working people and the dominant classes in the non-agricultural economy primarily located in the urban space. Lack of implementation of land reforms in most States of India has resulted in a situation of great inequality in ownership of land. This has intensified further during the post-liberalisation period with the emergence of big-capitalist farmers as an important force causing concentration of land.

In this context, it would also be relevant to mention two changes in the rural economy that have resulted in a closer integration between the rural and the urban economies. First, the lack of availability of employment within the villages has forced the working people to seek employment in urban areas by way of commuting as well as migration for varied periods. Second, households belonging to dominant classes in the villages have invested in the urban economy, and increasingly have a base in the towns because of better amenities and availability of facilities for education and health.

Rural inequalities and class contradictions are the most important barrier to building and sustaining cooperatives for the benefit of workers and peasants. Only in cases where the dominant classes sought benefits from cooperatives did they use their wherewithal to get the state to provide the institutional framework and support for functioning of the cooperatives. Consequently, large-scale successes in cooperative movement have come about only in cases where the dominant rural classes and castes were the major beneficiaries of these cooperatives. Barring some exceptions, rural credit cooperative societies have been controlled by the landlords and rich peasants. Similarly, relatively large landowning patel farmers have had the dominant control on dairy cooperatives in Gujarat. Exclusion of landless dalit and adivasi households

from cooperatives has been documented in the writings on dairy cooperatives.

In contrast, successful cooperatives that primarily served rural poor have been fewer. There have been some important exceptions to this in States that have been ruled by the left. Kerala also has a strong institutional structure of cooperatives in many sectors (for example, coir, rubber, fisheries and credit) as well as individual cooperative institutions such as the Dinesh Beedi Cooperative. In West Bengal, during the period of the Left Front Government, poor and middle peasantry had a decisive role in functioning of credit cooperatives. In Tripura, Durgabari Cooperative, a successful cooperative of Tea Plantation Workers, was established when the Left Front was in power. However, in these cases also, antagonism of the national government, particularly during the post-liberalisation period, circumscribed what could be achieved through the support of the States governments. In States where the political strength of the Left has seen an erosion, immediate reversals took place in the control of poor and middle sections of the peasantry on the local cooperative institutions.

Barring these limited exceptions, Indian state has been disinterested in supporting cooperatives of workers and peasants. This antagonism of the state towards worker-peasant cooperatives has intensified in the post-reform period.

Financial liberalisation after 1991 has resulted in an increasing gap between the demand and supply of formal-sector credit to agriculture. Along with this, the role of cooperative societies in provision of credit has become less important. Primary Agricultural Credit Societies accounted for about 50 per cent of direct credit disbursed to agriculture in 1991. By 2016-17, this had fallen to less than 20 per cent. Under the neo-liberal regime, apart from the increasing share of commercial bank in provision of agricultural credit, the focus also shifted from credit cooperatives to micro-finance. While micro-finance has some semblance of a cooperative group, and was therefore embraced in its early years by many even within the left movement, it has proven to be nothing but

an instrument of financial liberalisation of formal banking in rural areas. Lack of regulation is a fundamental feature of micro-credit, and loans provided through micro-credit groups carry very high rates of interest for the final borrower. Rather than being a mechanism of cooperation, micro-credit used the groups to put pressure on members to repay loans. Eventually, micro-credit has become more an instrument of profiteering by microfinance companies than a way of providing cheap credit to the poor.

Similarly, the role of credit societies in delivery of farm inputs at lower costs and purchase of produce has become marginal. Farmers increasingly depend on private dealers for purchase of inputs and sell their produce to private traders. Increasing role of private dealers for provision of inputs is related to an increasing share of private sector in production and import of inputs such as seeds and fertilisers, and increasing decontrol of pricing. While the state has been actively facilitating arrangements such as corporate and contract farming, providing support and incentives to cooperative farming is completely off the agenda. Cooperation as an instrument of increasing incomes of farmers does not appear anywhere in the recommendations of the Dalwai Committee on Doubling of Farmers' Incomes. On the other hand, Haque Committee provided elaborate guidelines on how to facilitate reverse tenancy so that land of poor peasants could be taken by big farmers.

The entire dairy cooperative sector is under threat because of pressures to open international trade. Although negotiations for the Regional Comprehensive Economic Partnership are still ongoing, if such a deal results in lowering of trade barriers and opening imports of dairy products from countries such as New Zealand, India's cooperative dairy sector would find it difficult to survive.

To sum, hostility of the state towards building worker-peasant cooperatives is a reflection of the underlying inequalities and class contradictions, and is a major barrier to their growth under the current socio-political order. Real benefits of cooperation materialise when it happens on a large scale. This makes state support for building and sustaining worker-peasant cooperatives in agriculture essential.

In this context, engagement of the agrarian movement with the task of building worker-peasant cooperatives is important for two reasons.

First, in the current socio-political context, a strong agrarian movement led by workers and peasants can create pressure for the state to provide a favourable economic environment for the cooperative sector. Thus, engagement of a strong agrarian movement with the task of building worker-peasant cooperatives must involve not merely organising workers and peasants into cooperatives but also waging struggles to pressurise the state for providing favourable conditions for the cooperatives.

Secondly, organising workers and peasants through the cooperatives can be an important means of mobilising them for the larger struggle against the current political order. Unlike other forms of resistance, the struggle for building strong cooperatives has the potential for bringing together workers and peasants because of the promise of immediate economic gains, even though they may be small initially. In times of a deep agrarian crisis, creative work of building and running a non-exploitative enterprise can also work like oxygen for sustaining struggles against the political order. It can help bring workers out of the isolation that systems of informalisation like subcontracting, piece-rate labour and the gig economy impose on workers, and bring them into a workspace where collective struggles are bred.

Commission Paper

(Adopted by 33rd All India Conference of AIKS,
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Peasant Co-operatives and reorganizing production relations in agriculture

In the context of the growing world economic crisis and its impact on the economic and social conditions within our country, special attention needs to be given to address emerging situation in agricultural sector. Especially during the neo-liberal period of last two decades, petty production came under severe onslaught compelling peasants to sell land and give up cultivation due to the un-viability of agriculture. Since 1991 in our country 1.5 crore farmers (2035 farmers per day) have been forced to give up cultivation and look for other occupations to sustain their livelihood and overcome the crisis of

subsistence. From a scenario of public sector playing pivotal role aimed at self-reliance, the ruling classes have shifted to the path of taking-over by corporate forces with a systematic withdrawal of the State from agriculture. The farm income is insufficient to meet cost of production and expense for sustenance of peasant households. The crisis has manifested in the form of rapid increase in landlessness, massive farm suicides and alarming distress migration from rural to urban regions.

Importance of Large Scale Production

The iron grip of the multinational corporate forces and big industrial houses on the modern large agro-processing industries (input as well as output) and the market is the crucial thing that enables them to establish dominance over peasant class, take over the agriculture land and means of production and pauperize the rural masses. Studies point out that world over, only ten percent of the value of consumer products made out of agricultural products goes back to the primary producers while the rest 90 percent has been shared among industrial processing- business- trade capitalist class and middlemen. Corporatization of agriculture aims at centralization of land by wiping out petty producers. The capitalist industry and peasant agriculture can never expand alongside and the resultant pauperization constitutes the most powerful motive to transcend capitalism. In order to protect the interests of petty producers, the mode of petty production on agriculture needs to be replaced by large scale production, by reorganizing the existing relations in production based on technological and material advances by bringing the peasants and other petty producers to make the transaction with self motivation and without any compulsion. This will provide support, protection and progress to the peasants and petty producers as a substitute to their present pauperization, misery and arduous toil under capitalism.

The Relevance of Peasant Cooperatives

In this context, it is quite fundamental to hold experiments to build up large scale agriculture production by initiating peasant cooperatives. Combining production with procurement, processing

and marketing under the aegis of peasant cooperatives can avoid intermediaries and help peasants to resist neo-liberal market exploitation to certain extent. Strengthening the cooperative sector may be equally important like strengthening the public sector if not more.

Such cooperative experiments are not new to the history of world nations including India. According to International Fund for Agriculture Development (IFAD), ranging from small-scale to multi-million dollar businesses across the globe; cooperatives operate in all sectors of the economy, count over 800 million members and provide 100 million jobs worldwide – 20% more than multinational enterprises. In 2008, the largest 300 cooperatives in the world had an aggregate turnover of \$1.1 trillion, comparable to the gross GDP of many large countries. In Brazil, cooperatives were responsible for 37.2% of agricultural GDP and 5.45% of overall GDP in 2009. In Mauritius, cooperatives account for more than 60% of national production in the food crop sector. In the US, dairy cooperatives control about 80% of dairy production. In many countries, cooperatives are primarily agricultural. In Vietnam, 44% of all active cooperatives work in agricultural sector. In India, more than 50% of all cooperatives serve as primary agricultural credit societies or provide marketing, warehousing and other services to their producer members.

Cooperatives have a pivotal role in the growth of economy of socialist countries. The mobilization of vast masses of peasantry into the struggle to resolve the agrarian question and their organization into collective production enterprises has been a major feature of socialist experiences across the world. In these countries, agrarian reform preceded the organization of production on collective lines. Agrarian reform destroyed feudal land relations and gave peasants land. From this early stage, these societies moved into forming collectives or co-operatives. This strategy helped them to both harvest the benefits of economies of scale as well as the advances in technology and machinery.

Few Experiences of Cooperatives in India

Having said this, in whose hands are the reins of such cooperatives is an important issue we need to take up and an organization like Kisan Sabha is expressly concerned with, hence we have to look into the experience of cooperatives in our country.

In India, many institutions from schools to factories were established under the leadership of national independence movement with the support of the local community as part of resistance against colonialism. It was the Kheira Dairy Farmers Cooperative started in 1946 in Gujarat to resist monopoly of a private milk company that developed later as the outstanding model 'Amul'. The cooperatives have significant presence in number of important sectors of Indian Economy with 50% share in Sugar, Handloom and Storage facilities at the village level. It has an impressive share in production and distribution of fertilizer, yarn production, fishing and in sectors like milk production. In 2005, Indian Dairy Cooperatives, with 12.3 million members, accounted for 22% of milk produced in India.

In States like Kerala, where the implementation of land reform has proceeded to significant extent, though the task of organizing post-land reform forms of production has not been successful the State has an extensive co-operative network of over 12,000 societies covering credit, marketing, consumer marketing, housing, SC/ST, women, health and other sectors. The Rubber Producing Societies under the Rubber Board have been successful to serve the farmers in production and procurement. The 'Rubco' is an important cooperative involved in the processing and marketing of Rubber products. The last LDF government has invested Rs.14 crore to assist the social peasant cooperative namely Brahmagiri Development Society to establish a large scale Meat Processing plant at Wayanad. This experience has inspired the Mizoram Farmers to explore similar possibilities in their State. Though the general peasantry has democratic access to cooperatives, the vast possibilities of processing, value addition and marketing of various crops including coconut, coffee, spices, vegetables and fruits are yet to be addressed. The kudumbasree as a collective are involving

in cultivation on fallow land and rural house hold industries and marketing.

In West Bengal, during the regime of the previous Left Front Government the share of cooperative banks in distribution of KCCs had overtaken that of other banking channels including the commercial banks. However, the present TMC run Government has gradually allowed the dominance of Micro-Finance Institution (MFIs) fast replacing the cooperative banks in the villages. This has also led to increasing instance of farmers' suicides in West Bengal now with over 100 farmers taking their lives since the TMC came to power.

Tripura has a successful model of tea plantation workers cooperative namely 'Durgabari Cooperative'. Under the Left front government collective forms of production in agriculture has been widely promoted. The Tripura experience of achieving surplus in quality paddy and mustard seeds through an interface of the peasantry and the scientists also may have lessons wherein the seed monopolies can be effectively countered through participatory seed development or plant breeding in the cooperative sector. It also opens possibility of intervening in the input sector using the existing Government policies to promote input cooperatives. This possibility needs to be explored.

Himachal Pradesh has the experience of fruit processing by a Farmers' Cooperative and marketing in the brand name of "Farmer's" and it is a model that can be looked into.

In various States dominated by bourgeois-landlord social classes, like Maharashtra, Andhra Pradesh, Karnataka etc. cooperatives in general are under the land lord- rich peasant control. Sugar cooperatives are example. How to address the democratization of such cooperatives by ensuring the role of poor and middle peasants and agricultural workers in management and decision making is a major issue. Nevertheless there are cooperatives with excellent results working on various sectors.

Cooperatives and the Central Government

Neo-liberal policies after 1991 are posing severe challenges to the growth of co-operatives in India. On the one hand, neo-liberal policies have attempted to erode the autonomy of co-operatives by increasing the levels of governmental and bureaucratic interference in co-operatives. For instance, the recommendation of the Vaidyanathan Committee to restrict primary agricultural credit societies to banking activities alone, and delink them from other agricultural services, is a retrograde step. The co-operatives also face major financial squeeze from central and State governments alike. On the other the advocates of neo-liberalism are trying to hijack the concept of cooperative to their advantage by trying to make them adjuncts of neo-liberal economic model by promoting producer companies among farmers under Rashtriya Krishi Vikas Yojana (RKVY) and other schemes in order to aid agribusiness to avoid middlemen and have direct access to raw agricultural produce. Government of India is promoting this in the background of neo liberal policies especially allowing foreign Direct Investment (FDI) on retail trade and agriculture.

The RBI appointed Prakash Bakshi Committee has come up with a Report whose recommendations hit at the very foundation of Cooperative Credit Societies. The Primary Agricultural Cooperative Societies (PACS) will be converted into mere business correspondents and their assets and members will be transferred to the Central Cooperative Banks. PACS not being any longer borrowing entities of CCBs would not be having voting rights for elections to the Board of Directors of the CCB. The RBI can issue directives and be conferred with powers that supersede elected Boards of Cooperatives and the State Governments.

The move to deplete PACS is an attack on the peasantry and rural working class and these sections -at present 4.2 crore borrowing members at the level of PACS- will be left at the mercy of usurious money-lenders and new generation banks and chit funds mushrooming in countryside and semi urban areas. This is a blatant attempt to centralize capital and power by over-riding the State in

India's federal structure and also the autonomy of the PACS. AIKS sees this move as part of the Government of India's reform programs for intensifying corporatization of agriculture by supporting the big capital to establish its predominance over the vast agriculture credit sector.

Social Cooperatives

Co-operatives as socially owned and operated organizations that operate on a non-profit basis, driven by member needs and not capital is the earliest form of organization of working people in the world. Over the years, they exemplified the importance of worker cooperation and underlined the potential of organization, solidarity, mutual assistance and unity of action of working people in a capitalist society. The organization of social production through co-operatives exists in different countries in different historical and socio-political contexts. Co-operatives exist in a variety of societies, and the central characteristic of co-operatives has always been to leverage the benefits of scale of production and the spirit of community action to both improve profitability and to resist unregulated profiteering. However, in the capitalist society, cooperative institutions are controlled and regulated by state apparatus through legislations in order to supplement capitalist development. They are bound to cater the interests of capitalist class and traverse with all ills like corruption, bureaucratic authoritarianism and apathy towards protecting the interests of the peasants and workers.

A simultaneous process of intervening in Government cooperatives legislated by the State from above and controlled by bureaucrats as well as peasants and workers creating their own co-operatives from below may be explored. Such social cooperatives formed by peasants and workers without the direct involvement of Government on its administration can be a positive part of the class struggle within the capitalist production relations against capitalist exploitation. Social cooperatives can work comparatively free from day to day control and regulation of the State and free from land lord –rich peasant dominance. It can develop skills among peasants

and workers for managing production democratically with worker self-management in a future exploitation free society and it can introduce limited but exciting aspects of egalitarian social relations.

On Land Use

In some States there is a phenomenon wherein large tracts of land are left fallow or uncultivated either due to un-viability of agriculture or due to diversification in occupation. There are also growing instances of land tenancy even in States where they have legally been prohibited. A large majority of such leasing is informal and unrecorded. Another dominating trend is that the rich peasants are leasing in the land of poor and middle peasants for cultivation as reverse land reform. In certain States agriculture land is not the main source of income and is being left fallow by owners who have other occupations. But they are not willing to give up land considering its real estate value. Absentee landlordism or non-resident land ownership are certain phenomena growing in various States. The nominal and poor peasants continue to be deprived of cheap credit, subsidies and crop insurance. They are subjected to the exploitation in the input-output markets and also by middlemen. All these factors coerce cultivators to quit cultivation and large tracts of agriculture land have been remaining fallow.

In such a context the recent victory of Tenant Farmers' in Andhra Pradesh where an Ordinance has been passed to register tenants which is likely to benefit nearly 6 lakh tenant farmers opens the possibility of similar efforts in States where the issue is related to absentee landlordism and insecure tenancies with deprivation of agricultural credit and subsidies. In States where the issue is of letting land fallow and uncultivated the possibility of striving to bring legislations to the effect that peasant's and worker's social cooperatives shall be formed and promoted and all such fallow agricultural land shall be cultivated collectively under cooperatives. This may be possible while protecting the private ownership on land. The cooperatives in consultation with its member landowners shall work out surplus sharing mechanism. The cooperatives can hold not only production but procurement, processing and marketing also and protect the peasantry from

exploitation by corporate forces and middlemen. The State and Central Government may be pressurised to promote and invest on peasant's and agricultural worker's social cooperatives rather than subsidise corporate sector as in the PPP model under RKVY schemes and promotion of producer companies.

Agro- Processing Industry

Establishing crop wise modern agro processing industries supported with the extensive use of science and technology is a precondition for large-scale agricultural production involving the smallholder peasantry. The procurement facilities of ware houses and cold storages also shall be developed collectively by backward and forward integration. The training and placement of agricultural workers shall contain the vision of transcending their class base as modern industrial farm worker capable of handling modern farm implements to avoid arduous toil, with stable and remunerative wage for decent living and all other employment rights and social security to prevent the trend of distress migration of labour.

Social cooperatives of peasants and workers undertaking direct procurement of agricultural produce eliminating intermediaries and their exploitation at all levels and direct marketing of value added products shall help to generate income considerably. Instead of amassing surplus as private profit, that shall be shared with the primary producers and workers along with investing for further expansion of industrialization of agriculture. The individual peasants and agricultural workers shall be the primary source of required capital mobilization along with support from local community while ensuring-through social pressure- compulsory financial assistance from State and Central Governments. The peasant masses shall emerge as independent, united and organized social force beyond caste and other socio-political divisions to put pressure on the Government to bring in alternative policies in support of the crisis-ridden peasantry and along with the working class ensure auxiliary political atmosphere in support of social co-operatives. The basis of peasant social co-operatives lay with the alliance of poor and marginal farmers and agricultural workers.

Likewise, building an auxiliary atmosphere among the public all over the country to promote marketing of cooperative consumer products as a resistance movement against corporate dominance of market and foreign direct investment on retail shall be initiated by the progressive peasant and working class movement akin to the 'Swadeshi Movement' during colonial period. That will create an atmosphere of anti-imperialism among the basic class masses. Possibilities of developing marketing network at all India level under cooperative sector through integration of production cooperatives in various states also could be explored.

Modernization of relations in production

The supremacy of large-scale production over small-scale production will help the rich peasant sections too to free from the illusions on neo-liberal reforms and compel them to join hands with social co-operatives of the peasants. It will facilitate larger unity among the peasantry and agriculture workers. Without modernizing production relations in agriculture no modern industrial society can evolve. Acquirement of the modern agro processing industries from the grip of the large capitalist class and corporate forces will also lend a helping hand to the peasant and agriculture worker classes to resist the ongoing coercion to take over agriculture land by the former through contract farming and other means. Thus social cooperative movement is part of the class struggle under and against capitalism.

Peasant co-operatives will provide support and protection to the peasants and petty producers. On the other hand, we need to be extremely aware that the possibilities of co-operativisation are limited by the nature of class relations in each agrarian context. Co-operativisation, given the uneven growth of agrarian capitalism in India today, is not a blanket solution for the problems in the agrarian sector. In regions where the land question continues to be the central political slogan, co-operativisation should not become an agenda that diverts attention from efforts to address the primary contradiction. There shall not be any reformist influence to create illusions that social cooperatives are panacea to overcome agrarian

crisis and alternative to corporatization of agriculture and can bring social change on its own. It is a way towards resistance building against corporate exploitation and can only facilitate social change.

Social Cooperative Movement

The private ownership of farmers over the land shall not be denied in the co-operative plan. Likewise, the bureaucratic control of the Government shall not be allowed over the management of cooperative institutions. Only the producers and workers who contribute on production shall be eligible to be members and elected representatives of peasant co-operatives to avoid power grabbing by various political groups. Certain level of political support and mass influence in the local society is essential to resist hostile interventions from capitalist social sections and market forces and also to facilitate mobilizations and struggles to pressurize the State to bring inevitable policy changes and give necessary investments for social cooperatives. However, that does not imply that cooperatives are not replicable and should not be attempted to even in weaker States. We shall envisage Social Cooperative Movement as independent mass movement beyond political affiliations and all the progressive and democratic social sections and organized movements especially of the peasantry and the working class shall extend whole hearted support to that.

The existing massive political influence of the working class movement and Left forces in West Bengal, Kerala and Tripura and its potential to accrue mass support to form State Governments is vital for experiments of Social cooperative movement. The higher democratic consciousness and socialist vision among the people and the organized mass movements of various social sections is constructive atmosphere that already exists in these States for such an experiment. The present Left Front Government in Tripura could play a fundamental role in this regard. Such governments shall prioritize effective legislations and financial assistance to establish crop wise large agro processing industries and marketing networks under social cooperatives. In States like Andhra Pradesh, Tamil Nadu, Rajasthan, Maharashtra and other regions and localities

wherever the progressive peasant and agricultural workers movements have comparatively independent political influence and organised strength, can assume leadership role in realising the peasant co-operative plan and to pressurize the respective local Governments and the Central Government to garner financial and administrative assistance to the same.

Developing struggles to launch peasant co-operatives will provide ample political space to mobilize and politicize peasantry. And the model of co-operative agriculture against corporate agriculture can be a slogan of struggle in mobilising the vast peasant masses politically to protect peasant agriculture against the onslaught of neo-liberal forces and imperialist globalization. (End)

