



A Monthly e Magazine
ISSN:2583-2212
March 2024 Vol.4(3),919-923

Popular Article

Improving Livelihood of Farmers through Cooperatives: An Ecological Approach

Dr. M. Sampath Kumar*, Dr. K. Rajesh, Dr. D. Harikarthik, K. Bhayasree, Dr. T. Arunbabu
and Dr. R. Sathish

Babu Jagjivan Ram Agricultural College, Sircilla – 505 405
Professor Jayashankar Telangana State Agricultural University, Hyderabad- 30, Telangana
<https://doi.org/10.5281/zenodo.10800690>

Introduction

The backbone of the Indian economy lies in its agricultural sector, which in contrast to the historical average increase of less than 2% over the past five decades is now targeted to achieve a growth level of 4% according to the tenth five-year plan and national agriculture policy guidelines. The pivotal role played by farmers' organizations, encompassing cooperatives, associations, self-help groups, producer organizations, farmer-based entities and collective actions were increasingly vital in fostering sustainable development in agriculture and enhancing the living standards of rural households.

These diverse organizations enable smallholders and resource-poor agricultural producers to collaborate and providing numerous benefits to rural farming households. Cooperatives present across various sectors such as agriculture, food, finance, healthcare, marketing, insurance and credit, operate as autonomous associations of individuals voluntarily united to meet common economic, social and cultural needs. They are democratically controlled enterprises that address the challenges faced by farmers, particularly in a country like India where as 85% of farmers are small and marginal. Agriculture remains the driving force behind economic growth in many developing nations and robust cooperatives have proven instrumental in overcoming the difficulties encountered by farmers. Guided by seven principles, with the seventh emphasizing concern for the community, cooperatives actively contribute to the sustainable development of the community. Noteworthy examples of successful cooperatives in India, including IFFCO and KRIBHCO in the fertilizer sector, AMUL in the dairy sector and Self-Help Groups (SHGs) highlights the positive impact on crop productivity and overall income.

The cooperative model has substantially increased the efficiency of agricultural inputs, overall crop productivity, and the profitability of farmer members. The introduction of the cooperative society underscores its role as an organization committed to collective responsibilities for the development of the underprivileged. Embracing autonomy, cooperatives operate based on the values of agriculture, forestry, banking, credit, agro-processing, storage, marketing, dairy, fishing and housing covering 85% of rural households. Positioned as key contributors to agricultural development, cooperatives provide support in resource and input use, water resource harvesting, marketing channels, storage facilities, distribution channels, value addition, market information and monitoring networks. Beyond economic activities such as credit disbursement and distribution of agricultural inputs, cooperatives are seen as crucial in addressing poverty alleviation, food security and employment generation. With inherent advantages in catering to local needs, employing local talent and led by local leaders, cooperatives have the potential to draw people back to rural areas, offering self-employment opportunities at the grassroots level.

The Indian Cooperative Movement, initiated formally in 1904, has played a pivotal role in the country's economic development, particularly in agriculture and rural sectors. Recognized as a third economic sector post-Independence in 1947, cooperatives have been acknowledged as a balancing factor between the public and private sectors, serving the needs of small and marginal farmers and weaker sections. As the largest movement globally, cooperatives embody principles of self-help, self-responsibility, democracy, equality, equity and solidarity, contributing significantly to economic development through achievements in dairy, fertilizer, rural credit, environmental upgradation and livelihood improvement.

2. Principles

The principles of Cooperation serve as the guiding framework for cooperatives, translating their values into actionable practices.

2.1 First Principle: Voluntary and Open Membership

Cooperatives are inclusive and voluntary organizations, welcoming all individuals capable of utilizing their services and willing to shoulder membership responsibilities. Discrimination based on gender, social standing, race, political affiliation, or religious beliefs is not tolerated.

2.2 Second Principle: Democratic Member Control

Operational democracy defines cooperatives with members actively involved in setting policies and making decisions, Elected representatives, irrespective of gender are accountable to membership. Equal voting rights (one member-one vote) prevail in primary cooperatives, maintaining a democratic structure across all levels.



2.3 Third Principle: Member Economic Participation

Members contribute fairly to the cooperatives capital for exercising democratic control. A portion of this capital commonly becomes the cooperatives shared asset. Compensation on capital subscribed is limited and surplus are allocated for purposes such as cooperative development such as setting up reserves (some of which are indivisible), rewarding members based on transactions and supporting approved activities.

2.4 Fourth Principle: Autonomy and Independence

Cooperatives uphold autonomy as self-help entities governed by their members. Any engagements with external organization or governments as well as capital raising, must safeguard democratic control and preserve cooperative autonomy.

2.5 Fifth Principle: Education, Training and Information

Cooperatives prioritize education and training members, elected representatives, managers and employees to enhance their contribution to cooperative development. They also educate the general public, especially young individuals and opinion leaders, about the essence and advantages of cooperation.

2.6 Sixth Principle: Cooperation among Cooperatives

Effective member service and the strengthening of the Cooperative Movement are achieved through collaboration among cooperatives at local, national. Regional and international levels.

2.7 Seventh Principle: Concern for the community

Cooperatives actively contribute to the sustainable development of their communities through member-approved policies. They engage in community-focused services like providing clean water, healthcare, sanitation, education, women empowerment, and other relevant programs. Serving as a central hub in villages, cooperatives fulfil a significant social responsibility, fostering closer ties within the general community.

3. Why Cooperatives in Livelihood Enhancement

3.1 Importance of Cooperatives as the Third Economic Sector

Cooperatives, positioned as the third economic sector alongside the public and private sectors, play a crucial role in improving rural livelihoods particularly in the agriculture dependent rural areas. Significant portion of the population relies on agriculture for their livelihoods, cooperatives become instrumental in driving sustainable development in these regions

3.2 Cooperative Movement in India

While initially perceived as a product of government policy, the cooperative movement



in India has evolved to cover 100% of villages and serve 75% of the rural population. With an estimated 5.45 lakh cooperatives and 2.36 crore members wielding a working capital of Rs. 34,000 crores, these entities have made substantial contributions to institutional infrastructure, private capital formation, distribution of agricultural inputs and the processing and marketing of produce - critical components of value chain development.

3.3 Diverse Contributions of Cooperatives

Cooperatives extend beyond agriculture to actively engage in land development, water resources management, farm machinery services, power distribution, labour supply and various other sectors. Enjoying advantages such as easy access to financial and administrative support, cooperatives have played a pivotal role in developing critical infrastructure and services essential for enhancing agricultural production on a broader scale.

3.4 Exemplary Cooperatives

Acknowledging the notable efforts of cooperatives like Indian Farmers Fertiliser Cooperative Ltd (IFFCO), Krishak Bharti Cooperative Ltd (KRIBHCO) in the fertilizer sector, AMUL in the dairy sector and Indian Farm Forestry Development Cooperative Ltd (IFFDC) in forestry and environment sectors it is evident that these entities have significantly contributed to improving rural livelihoods.

4. Role of Cooperatives and Their Progress

4.1 Farming Cooperative Societies

Farming cooperative societies have been pivotal in the development of the agricultural sector, especially after independence. They aimed at ensuring food and employment security by consolidating small and fragmented land holdings through joint management, leading to increased agricultural production.

4.2 Agricultural Processing Cooperatives

The establishment of processing cooperative societies dates back to 1917, with activities ranging from sugar and paddy milling to processing of fruits, vegetables, tea, and jute. India with 316 cooperative sugar factories is the world's second-largest sugar producer with the cooperative sector contributing about 48% of total production.

4.3 Agricultural Marketing Societies

Cooperative marketing societies were encouraged to empower small farmers by providing better bargaining strength, direct interaction with consumers, and access to credit, transportation, storage, and processing facilities. The National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) played a key role in cooperative marketing.

4.4 Agricultural Service Cooperatives



Cooperatives significantly contribute to agricultural credit disbursement, aiming to increase agricultural production and support various activities such as storage, marketing, and processing of agricultural produce. Cooperative banks have witnessed substantial growth in loans advanced and outstanding loans over the years.

4.5 Allied Agricultural Cooperatives

Covering activities like dairy farming, poultry, piggery, etc., these cooperatives have contributed to sectors like poultry, which boasted over 4876 cooperatives in 2003-04. Forest cooperatives, fish cooperatives and other allied cooperatives have played respective roles in their domains.

Conclusion

Cooperatives, by mobilizing their members and facilitating sustainable livelihoods, serve as catalysts for rural development. While successful cooperative models exist, additional support is needed for wider adoption, with a focus on flexibility in rules and regulations to suit local requirements. The success of the cooperative movement in India can set an example for other developing countries, offering a blueprint for enhancing rural livelihoods on a broader scale. The cooperative movement, if successful, not only ensures livelihood security in rural India but can also inspire similar positive impacts in other nations facing similar challenges.

References

- Dubey A.K., Singh A. K., Singh R.K., Lakhan Singh, Pathak M., Dubey V.K., Cooperative Societies for Sustaining Rural Livelihood: A Case Study. 2009. Indian Research Journal of Extension Education 9 (1),
- [Wanglin](#), [Marco A. Marini](#), [Dil B. Rahut](#) Farmers' organizations and sustainable development: An introduction. annals of public and cooperative economics. 2023

