

Co-ops lead in wheat procurement

By M. S. Gill, secretary, National Co-operative Development Corporation

During the last 70 years the co-operative movement has progressed and proliferated in various directions, but credit still remains one of the primary objectives. Today, there are approximately 3.25 lakh co-operative societies with about 5.80 crore members in the country. They cover over 48 per cent of the households and have a paid-up share capital of approximately Rs 725 crores. The activities range from credit societies to processing, marketing and industrial units.

It is perhaps not known that the co-operatives are involved in something like Rs 6,000 crores worth of business annually in one way or the other in the Indian economy. Whatever their shortcomings, the first point to note is the sheer size of their involvement. In a people's movement beset with problems from within and without, this is no small achievement.

Credit to the farmer has been one of the major concerns of the co-operatives and in this field the progress has been substantial. Today 1,58,783 primary agricultural credit societies operating through 342 Central co-operative banks and 25 State co-operative banks cover 36 per cent of the rural population.

The short and medium term

The sale price of units of the UTI valid till July 31, 1973, remains unchanged at Rs 10.45 per unit. Repurchase of units is suspended till that date.

loans by these credit societies to the farmers have increased from Rs 202.75 crores in 1960-61 to Rs 601.43 crores in 1971-72. In long-term credit, advances have been even more spectacular, i.e. from Rs 11.62 crores in 1960-61 to Rs 177.77 crores in 1971-72. The increase in short-term credit has been achieved by the introduction of the crop loan system, under which the capacity of the farmer for productive use of the credit is the criteria rather than his ability to offer security.

It must be admitted that the percentage of overdues has risen over the last few years, particularly in some States, but this is not entirely due to the unwillingness of the farmer to repay. To a considerable extent, this is the result of natural calamities such as drought in large parts of the country. My personal experience is that the farmers, particularly the smaller ones, are willing and anxious to repay loans. While the overdues must be brought down to acceptable levels, the point to be grasped is that the co-operative credit system has broken through the barrier of security in order to lend to the vast numbers of our small and marginal farmers on the basis of their crop sowing programmes.

The production of wheat has gone up from 16.5 million tonnes in 1967-68 to 26.5 million tonnes in 1971-72. This cannot be attributed to a good monsoon only. In Punjab, at least the success of wheat repeated with paddy and this year this small State is expected to give a million tonnes or more of rice to the Central pool. The green revolution is, therefore, very much of a reality and not a myth.

The credit for this must go to many agencies, and not merely to agricultural universities and scientists. This revolution is essentially a revolution of inputs. The new seed may have been available, but it had to be backed up by massive doses of fertiliser and water, both of which could be made

available only by an equally massive supply of credit to farmers.

Co-operatives, therefore, deserve a substantial share of the credit for the success of the wheat and rice revolutions.

It is the massive credit which was given mostly in the form of fertiliser and not in cash that is responsible for the large increases in production in Punjab. Further, the Punjab MARKFED—one of the premier co-operative organisations in the country—organised a massive administrative structure for making the fertiliser, pesticides and diesel engines available to the farmers of the State. It maintains approximately 4,000 depots in about 10,000 villages of the State.

If figures are studied, a similar situation will be seen in Haryana, western U.P. and other areas where there has been a dramatic increase in production. In fact, the Prime Minister recognised the contribution of the co-operatives when she said in her address to the sixth Indian Co-operative Congress:

"In our country, we cannot but take note of the fact that wherever an agricultural breakthrough is perceptible—whether it is the wheat revolution in Punjab or sugarcane development in Maharashtra—the development has been largely facilitated by a vital co-operative structure in the area. In several other parts of the country, despite the availability of the known technology, the pace of the agricultural development continues to be inhibited, partly because of the absence of a co-operative system which could offer credit, material inputs, marketing and processing services."

Wheat procurement

There has been an equally impressive increase in the marketing of food grains and other crops by the co-operatives. The turnover has gone up from Rs 179 crores in 1960-61 to Rs 844 crores in 1971-72.

It is again not very well known that the co-operatives have played a very predominant successful role in the procurement of food grains for the Central pool. Even before the takeover of the wholesale trade in wheat this year, the entire wheat procurement of 32 lakh tonnes in Punjab in 1971-72 was done through the co-operative marketing societies. Out of this, 9.10 lakh tonnes were procured directly by the Punjab MARKFED, while the remainder was purchased by the State Food Department and the FCI through marketing societies. In this year the State Food Department has procured 12.60 lakh tonnes, the FCI and its agencies 6.54 lakh tonnes and the State Co-op. Marketing Federation 6.01 lakh tonnes.

The co-operatives would have purchased the entire 25 lakh tonnes procured so far but for the fact that the FCI did not utilise their services. Even then, out of 25 lakh tonnes, over 18 lakh tonnes were purchased through the co-operatives as the State Food Department continue to utilise the marketing societies for its purchases.

In U.P., each of the three agencies viz., the FCI, the State Food Department and the U.P. Co-operative Federation, were given a target of 6 lakh tonnes each. It is interesting to note that in equal competition, the U.P. Federation has purchased (up to 2-7-1973) 3.68 lakh tonnes, which is more than 50 per cent of the total procurement so far in the State.

In Madhya Pradesh, most of the procurement of 1.90 lakh tonnes

has been through the co-operatives, as apart from 1.09 lakh tonnes purchased directly by the Apex Federation, most of the purchases of the FCI also have been through co-operative societies.

Out of the total procurement of 41.65 lakh tonnes of wheat (up to July 2), the co-operatives in the four major wheat-growing States of Punjab, U.P., Haryana and Madhya Pradesh alone account for as much as 25 lakh tonnes representing 60 per cent.

I emphasise this achievement, as it appears to me that procurement of foodgrains is associated in the public mind primarily with the FCI and the extensive role of the co-operatives in this operation is hardly known. In fact, given a larger measure of support, the co-operatives are in a position to take on a much greater responsibility in the procurement as well as the distribution of foodgrains.

The co-operatives have, over the last two decades, tried to involve themselves in the processing of agricultural produce, as it is only in this manner that the farmer can hope to get the full fruits of his labour.

In the processing field, the most spectacular success of the co-operatives has been in the setting up of sugar mills. Starting with the first co-operative mill in 1950, today the co-operatives have 87 mills in working and 47 in various stages of erection. The Government has recognised the role of the co-operatives in this field by deciding that almost all future licensing shall be to the co-operatives only. The success of the sugar co-operatives in Maharashtra is well known, but even the all-India figures for the entire co-operative sugar industry are a credit to the movement. The co-operatives' share in the total production of sugar was 41.5 per cent in 1971-72.

There are other islands of excellence in the co-operative movement. The Amul Dairy of the Gujarat co-operatives is an household word today in the country.

All that I have written above might perhaps give an impression that there is nothing wrong with the co-operatives. That is not so. The trend of increasing overdues, the frequent cases of embezzlements and defalcations in various societies and the occasional mismanagement are all too well-known for me to deny them.

Need for improvement

Nobody will contest the need for correction and improvement in the co-operatives. The only point I would make is that the faults should be seen in the perspective of the total movement, and its achievements under conditions of considerable stress. The entire movement should not be tarnished by generalising on the basis of isolated cases.

I think it will be conceded that there is no real alternative to the co-operative movement for the development of the rural economy in a democratic way. If this is so, there can be no going back. We can only move forward and try for the improvement and expansion of the co-operative structure.

It is my feeling that unfortunately the co-operatives have been unnecessarily involved in the political life of the country, and the supervision and guidance of the movement is often coloured by such considerations. The movement needs to be isolated from the cross-currents of the nation's political activities, and confined to its true role of the improvement and uplift of the economic conditions of its members. Perhaps, the only way to do this is to give a genuine measure of autonomy to the co-operatives and to lessen the controls over them. In this way, a leadership might come up in the movement conscious of its own prime interest—the betterment of the lot of its members—and the flowering of the true principles of co-operation.