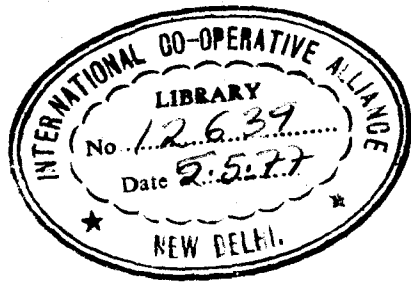


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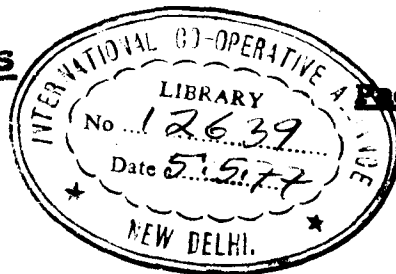
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**NATIONAL SEMINAR ON COOPERATIVE FARMING IN SRI LANKA**

**16th to 30th June 1976**

**C O N T E N T S**



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7. Cooperative village settlements (Ganmanas) their present position, problems and future programmes by Mr. A.M. Karunaratna.
8. Cooperative settlements (Janawasa) - the present position, problems and future programmes by Mr. K. Balapatabendi.
9. Agricultural Planning in Cooperative Settlements by Mr. S.D. Unantenne.
10. District Development Council (DDC) Agricultural Projects, present position, problems and future programmes by Mr. A. Ramanaden.
11. Cooperative Farms and Cooperative Contract Farming by Dr. Tomasse Crudele.
12. Cooperative Farm Management by Mr. M.D.K. Jayawardana.
13. Cooperative Farm - Planning by Mr. R.G.G.O. Gunasekara.
14. Cooperative Farming in Poland by Dr. Z. Juchniewicz.
15. Socio Economic Aspects of Cooperative Farms and Divisional Development Council Agricultural Projects by Mr. D. de S. Ratnaweera.

16. Cooperative Farming in India by Dr. Samiuddin.
  17. Cooperative Village Settlements (Ganmanas) their position, problems and future programme.
  18. Report of the seminar.
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NATIONAL SEMINAR ON COOPERATIVE FARMING IN SRI LANKA

16th to 30th June 1976

16th June Wed.    **PM**    Inauguration by Hon<sup>s</sup>.K.K. Suriarachchi,  
Minister of Food, Coops and Small Industries.

**AM**    Working Methods of the seminar.  
Introduction of the participants  
Presentation of background information of  
the organisations of the participants.

17th June Thu

09.30 - 10.30    Lecture No.1 : Introduction to cooperative  
farming in Sri Lanka by Mr. M.P. Jayasinghe,  
Deputy Commissioner (Ag), Department of  
Cooperative Development.

10.30 - 11.00    Discussion

11.00 - 11.15    Tea break

11.15 - 12.00    Lecture No.2 : Cooperative Principles by  
Mr. Lionel Gunawardana, Joint Director and  
Specialist in Agricultural Cooperation, ICA.

12.00 - 12.30    Discussion

12.30 - 2.00    Lunch break

2.00 - 3.00    Lecture No.3 : Types of cooperative farming  
by Mr. J.M. Rana, Director (Education) ICA.

3.00 - 3.30    Discussion

3.30 - 4.30    Lecture No.4 : Cooperative Janawasas (Land  
reform settlements) present position, problems  
and future programmes by Mr. K. Balapatabandi  
Asst. Director, Cooperative Settlements Land  
Reform Commission.

4.30 - 5.00    Discussion

18th June Fri.

09.30 - 10.30    Lecture No.5 : Agricultural Planning in  
Cooperative Settlements by Mr. S.D. Unantenna  
Director, Land Settlements - Land Reform  
Commission.

10.30 - 11.00    Discussion

11.00 - 11.15    Tea break



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11.15 - 12.15	Lecture No.6 : Social and economic aspects of cooperative youth farms and cooperative Janawasas by Mr. A.O. Ellman, Crop.Diversific Project.
12.15 - 12.45	Discussion
12.45 - 2.30	Lunch break
2.30 - 4.30	Group discussion on lecture Nos.3,4,5 & 6.
<u>19th June Sat</u>	Study visits
<u>20th June Sun</u>	Free
<u>21st June Mon</u>	
09.30 - 10.30	Lecture No.7 : Cooperative Gammanas (cooperat village settlements) present position, proble and future programmes, by Mr. A.M. Karunaratn Asst.Director, Ministry of Ag. and Lands.
10.30 - 11.00	Discussion
11.00 - 11.15	Tea break
11.15 - 12.15	Lecture No.8 : District Development Council Agricultural Projects, present position, problems and future programmes by Mr. A. Ramanadan, Asst.Director Regional Devpt Division of the Ministry of Planning and Economic Affairs.
12.15 - 12.45	Discussion
12.45 - 2.30	Lunch break
2.30 - 4.00	Lecture No.9 : Social and economic aspects of Cooperative Gammanas and District Development Council Agricultural Projects by Mr.D.de S. Rathawera, Consultant National Institute of Management.
4.00 - 4.30	Discussion
<u>22nd June Tue</u>	
09.30 - 1.00	Lecture No.10 : Cooperative farming in India by Dr. Samiuddin, Aligarh Muslim University.
1.00 - 2.30	Lunch break
2.30 - 4.30	Group discussion on lecture Nos.7, 8 & 9.

23rd June Wed.

- 09.30 - 1.00      **Lecture No.11 : Cooperative Farming in Poland**  
by Dr. Z. Juchniewicz.
- 1.00 - 2.30      **Lunch break**
- 2.30 - 4.30      **Group discussion on lecture Nos.10 & 11.**

24th June Thu.

- 09.30 - 10.30      **Group Production -  
Lecture No.12 : Some Experiences from  
Bemniwattha field Laboratory by Dr. Wilbert  
Gooraratra, Mr. K.P. Olesiak and  
Mr. M. Samad.**
- 10.30 - 11.00      **Discussion**
- 11.00 - 11.30      **Tea break**
- 11.30 - 12.45      **Plenary on group discussion on lecture  
Nos. 3 to 11.**
- 12.45 - 2.30      **Lunch break**
- 2.30 - 4.30      **Plenary on group discussion on lecture  
Nos. 3 to 11 contd.**

25th June Fri

- 09.30 - 10.30      **Lecture No.13 : Cooperative farm planning  
by Mr. R.G.G.O. Gunasekara, Chairman,  
Cooperative Management Services Centre.**
- 10.30 - 11.00      **Discussion**
- 11.00 - 11.15      **Tea break**
- 11.15 - 12.15      **Lecture No.14 : Cooperative farm management  
by Mr. M.D.K. Jayawardana, Consultant,  
Cooperative Management Services Centre.**
- 12.15 - 12.45      **Discussion**
- 12.45 - 2.30      **Lunch break**
- 2.30 - 4.30      **Group discussion on lecture Nos.12 to 14.**

26th June Sat.

- 09.30 - 12.00      **Meeting of the drafting committee.**

27th June Sun.

**Free**

28th June Mon

- 09.30 - 10.30      Lecture No.15A : Marketing of agricultural produce of cooperative farms - relation with other cooperative marketing organisations  
Mr. L.M.V.de Silva, Chairman, Marketing Fedn.  
Mr. Eric Jayakody, G.Manager      "      "      "
- 10.30 - 11.15      Lecture No.15B : Supplementary talk on contract farming by cooperative farm by Dr.Grudelle of CMSC.
- 11.15 - 11.30      Tea break
- 11.30 - 1.00      Plenary on group discussion on lecture Nos.12, 13 and 14.
- 1.00 - 2.30      Lunch break
- 2.30 - 4.30      Meeting of the drafting committee.

29th June Tue.

Preparation of the final report by the drafting committee.

30th June Wed.

- 10.00      Presentation of the final report  
Award of Certificates  
Closing of the seminar.

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NATIONAL SEMINAR ON COOPERATIVE FARMING IN SRI LANKA

16th to 30th June 1976

LIST OF PARTICIPANTS

<u>S.No.</u>	<u>N a m e</u>	<u>A d d r e s s</u>
1.	Mr. G.P. Weeraratne	Wasanthapura Janawasa, Udubaddawa
2.	Mr. U.P. Nandaris	Athukoralanda Janawasaya, Gagnego
3.	Mr. Edmund Ruwan Pathirane	Bisolanda Janawasaya, Tehlidgew
4.	Mr. M.D. Amaradasa	Prassanna Janawasaya Dodangoda.
5.	Mr. K.V. Edwin	Nagoda Janawasa, Nagodawatte, Nag
6.	Mr. M. Wijeratne	Dammulahena Janawasaya, Alawala.
7.	Mr. Eloon Manchanayake	Laxmipura Janawassaya, Indurugola, Wathurugama.
8.	Mr. J. Liyanarachchi	Deansland Coop.Gammana Madugoda.
9.	Mr. K.M.G. Charlie	Wathuruwila Coop.Gammana, Kahaduwa
10.	Mr. U.Wilson de Silva	Badhigama Rajapaksa Coop.Gammana, C/o.Tangalle Divisional Ed.Office
11.	Mr. M.A. Piyadasa	Neluwa Youth Coop.Farm, Mundanepu
12.	Mr. Kirthi Weerasinghe	Akurassa M.P.C.S., Akurassa.
13.	Mr. P.M. Bremaratne	Bingiriya M.P.C.S. Coop.Office, Udubaddawa.
14.	Mr. J.K. Thungasena	Nuwera Eliya M.P.C.S., N <sup>o</sup> Eliya.
15.	Mr. W.A.P. Weerakody	Cooperative Department, Duke Stre Colombo-1.
16.	Mr. D.J. Weerakone	Cooperative Department, Duke Stre Colombo-1.
17.	Mr.A.M. Karunaratne	Asst. Director Ministry of Agricul & Lands, 73/1 Galle Road, Colombo

International Cooperative Alliance

18.	Mr. M.P. Jayasinghe	D.C. (Agri.), Cooperative Department
19.	Mr. S. Sivanda	Addl. Government Agent, Galle.
20.	Mr. W.U. Herath	Principal, School of Coop., Polgolla
21.	Mr. W.M. Samarasekera	Peoples Bank,, Sir Chittampalam Gardiner Mawatha, Colombo-2.
22.	Mr. A. Karunaratne	" " " "
23.	Mr. W.G.U.I. de Silva	National Coop Council, Galle
24.	Mrs. Muthuletha Perera	" " " Colombo
25.	Mr. M. Gunaratne	" " " Matara
26.	Mr. M.G. Siriwardana	" " " Galle
27.	Mr. D.H. Ranasinghe	" " " Kurunegala
28.	Mr. E.R. Mudiyanse	" " " Kandy
29.	Mr. K.D.S. Kumarage	A.C.C.D. Office, Galle.



An Introduction to the Cooperative Farm System in Sri Lanka

M.P. Jayasinghe

Deputy Commissioner

Department of Cooperative Development.

It is my opinion that before I get on to this subject, I should give a brief introduction to a closely allied topic, namely, the influence of agriculture on the economy of Sri Lanka.

The economy of Sri Lanka depends mainly on agriculture. About 70% of the total population of approximately 13.4 million are directly dependent on agriculture. 40% of the gross National Product is from agriculture. Further, 95% of the country's exports consists of agricultural produce. The main crops are tea, rubber and coconut. Of these, although tea and rubber were, from the beginning grown on a large scale, small-scale cultivation was from the inception, under small scale cultivation. Food crops for local consumption were always grown on a small scale.

The objective in setting up the Co-operative Credit Societies at the very beginning of the Co-operative Movement in Sri Lanka, was to redeem the rural farmers from the burden of debt and provide them with loan facilities for agricultural development. In taking a look at the history of Co-operation, it is clear that these societies made a tremendous contribution to agriculture under the economic set-up outlined earlier. The dawn of independence and the great attention directed towards agriculture - especially food crops - saw the organisation of Agricultural Production and Sales Societies. The next step was the setting up of Multi-Purpose Co-operative Societies, and special agricultural societies like the Coconut Producers and Rubber Producers Societies. All these are broadly engaged in providing agricultural production services and organising manufacturing and marketing facilities.

Therefore, in the above context, it is no strange phenomenon that the idea of establishing and managing co-operative farms was born in the minds of co-operators. It is also no surprise that the Government which had always been engaged in co-operative development accepted this offer. As a result, at the initial stage, the Government registered special agricultural societies to cultivate blocks on tea and rubber lands taken over by the State, for distribution among the people, and for several agricultural schemes in the Dry Zone. They did not develop into successful ventures. One fundamental reason for this is the traditional practice of cultivating one's own plot of land separately, and the inability to give member-education to change this attitude.

In looking for further reasons, I think it is opportune to draw your attention to an opinion expressed in regard to co-operative farms, by the Royal Commission on the Cooperative Movement in Ceylon. (Sri Lanka) i.e. "Social persons who came before us pointed out the suitability of co-operative farms. Yet, while many of them had no experience of the co-operative farm system, it was evident that it was only an expression of their own philosophy". In any case, a very significant step in the establishment of the co-operative farm system was the setting up of Multi Purpose Cooperative Society Youth Farms as a pilot project in 1968. The aim of this scheme started with Government patronage was to divert educated youth to agriculture. Of the Government land which was utilised for these special co-operative farms a small area of about 4 acres was given to the youth members to settle down and cultivate specified crops. The necessary services and loan facilities were provided by the society. The society even organised the supply of rationed goods to the members, so as to ensure greater service. Provision of marketing facilities for the produce and tractor services and many other similar functions were performed by the society. However, it is not incorrect to mention though reluctantly, that many of these societies have not developed into successful farms. While, on many occasions, the society neglected the repayment of loans and other services, the marketing of the produce is not done through the society, thus avoiding the repayment of loans. As a result these societies have become weak and almost 40. It has been recovered from time to time that only about two or three of them are functioning satisfactorily. It has been seen, however, that although the societies are not functioning properly many youth who received plots of land are engaged in agriculture, profitable to themselves. (I feel that) from this it is <sup>not</sup> clear that, although cultivation can be successfully done, there has been sufficient member education to erase the attitude of the youth to traditional cultivation of their own plots.

The next significant step in the establishment of co-operative farms in Sri Lanka is the setting-up of Co-operative Village Settlements in 1971 under the auspices of the Ministry of Agriculture and Lands. Unlike in the farm societies mentioned in the preceding paragraph, the land on which this society is established or, in other words, that which comes under it or under development, belongs to the co-operative society. The members i.e. the workers, have to perform the functions allocated to each on the land which is collectively owned. Each gets a very small plot in a specified place to build a dwelling. Members get a daily allowance on the work done and are entitled to a second payment on the surplus from the produce. The objective of these societies was to raise the agricultural productivity level with the utilisation of unexploited rural youth labour,

and provide rural employment. It was decided to select either areas of about 200 acres or more, or, a number of blocks for each farm. In the selection of land for these special co-operative societies organised on an electoral basis, Government land, protected areas under the Forest Department or neglected private land were taken over by the Government Agent on the recommendation of the Member of the National State Assembly. The feasibility of the plan for each farm has to be scrutinised by a specialist group of officials of the Ministry of Agriculture and Lands. Schemes thus sanctioned are registered by the Department of Cooperative Development. Members for this type of society must be youth between 18-35 years with an agricultural background, and living within a 5 mile radius. The working capital comprised Government grants, and loans from commercial banks. Statistics reveal that, at present, there are 61 such registered societies covering about 16000 acres with about 3400 young men and women engaged in farm development.

In order to give you a clear idea of these societies, I shall quote certain sections of the by-laws which registered these societies.  
By-law No. 8 (2) -

" Every member is entitled to a plot of land on the farm for him to settle down. This could be set apart separately for the members. However, while the area for the farm cultivation cannot be thus divided, it should always be developed on a cooperative basis.

By-Law 8 (3) -

Every member should be engaged in the work on the farm and other duties on a number of days per month, specified by the Society.

By-Law 32 (2)

" The General Body is empowered to enact orders with the approval of the Commissioner, in regard to the payment of farm members engaged in farm activities, on their daily work and on the result of the harvest."

By-Law 21 (1) illustrates the principle of self-management in the setting up of these societies - "The Board of Directors should consist of not more than 9 persons 6 of whom should be selected by the General Body".

There is no doubt that you would wish to know about the progress of these societies in agricultural development within the last 3 years. I am very pleased to express my views on this subject on the experience gained as a member of a committee of Evaluation on the working of these societies. In regard to the policy of collective ownership, it is my



experience, that, despite the diversity of views among the members, they are working within this framework because it is a policy decision. The farm seemed successful in cases where the selected land or a part of it was fertile and brought a satisfactory and steady income. Although many were engaged in inter cropping, the lack of rain during the past 3 years proved a barrier to obtaining the expected results. However, there were some farms that met with success. I would like to mention that several such societies have developed into self-managing ventures.

It is evident from this, that collective ownership and collective farming are subject to the acceptance of the members, and it could be strengthened further by member-education, and if special attention is paid to the suitability of the soil, in the establishment of such farms, this system could be made a success.

The next type of cooperative farm in Sri Lanka is the special society registered as a Co-operative Settlement (Janawasa) organised to develop and administer the land vested in the Land Reform Commission under the Land Reform Act of 1972. Generally, these societies utilised land or several blocks of land that could be developed as an economic unit. The total area that has come under Co-operative Settlements is about 31000 acres. The number of registered farm societies on this area is 151, while the number of workers is 9515. This land consists of tea, rubber and coconut. Further allocations are being made for these farms. In order to clarify these facts I should like to quote a few lines from the Central Bank Report of 1974 in regard to these farm organisations.

" While this is the broadest experiment in the collective farm system in this country, their experience will greatly influence the future land reform policy" Further, it says, "Noteworthy points in the organisation of these Janawasas are the collective spirit and the need for the development of a spirit of sacrifice".

This system of farms has been organised with the objective of developing the permanent crops, and have a high level of agricultural productivity by crop-diversification and the cultivation of new crops through co-operative effort. While members are selected from among local workers with a knowledge of agriculture, preference will be given to suitable persons from among those who were employed on these lands before the take-over. They should work collectively on the farm. They will be paid a daily allowance on the work done and an additional payment on the results at the end of a production year. The by-laws registering these societies indicate that they have been organised so as to direct them towards self-management. By-law 21 in reference to the Committee says

"That Board should consist of not more than 9 persons 6 of whom are to be selected by the General Body."

Since these farm societies have functioned for about 3½ years you might expect an expression of opinion on their working. I think it fit to place a few facts before you to give a brief description based on my experience. Since the land-labour ratio is greater than it was under private ownership, it is evident that the workers are not satisfied with their daily allowance. The necessity for a larger capital investment decreased the ability to earn a surplus resulting in a decline of profits and causing disappointment to the members. Crop diversification and the cultivation of new crops and development work neglected by private owners drained off much of the surplus income. It is clear that the future progress of these farm societies depends on the necessary capital for development, providing an agricultural training for the workers, and the organisation of crop-diversification and new cropping programmes with correct technical advice. Since such a programme is being implemented, there is no doubt that the collective farm settlement scheme (Janawasas) will be one of the best land settlement schemes in Sri Lanka.

Next, I would like to give an introduction to the Electoral Land Reform Societies. As its name signifies these have been organised on an electoral basis. A number of lands within an electorate come under this farm society. Fundamental characteristics are common ownership and collective farming. While these societies are organised for the lands vested in the Government under the Land Reform Act, the decision to or not to set up a society in an electorate is taken by the Ministry of Agriculture and Lands and the Land Reform Commission. It is also they who decide on the lands that come under the society. These are broader based than those described earlier because the by-laws have laid down that each land or blocks are to be treated as Branches of the Society. In regard to the administrative structure of these societies these points could be stated. Each land or a group of lands are Branches of the Farm Society the General Body of which consists of the members of the Branches.

While land under these societies consist of tea, rubber and coconut, the acreage is greater than of those mentioned earlier. Some societies are engaged in developing areas of up to about 6000 acres. The machinery considered necessary to control and develop such large areas of land was incorporated in the bylaw which registered these societies.

Provision for the appointment of an Advisory Council to advise the Board of Directors in regard to cultivation. These societies engaged in large-scale land development and administration have been functioning for a very short time. During this period various questions have arisen. The main problem is to make the workers, hitherto used to earning a wage under the labour laws, to adapt themselves to the rights and privileges of membership. Further, to continue with a large number of workers of the labour class who were not qualified for membership because they were not registered citizens. Similarly, large investments had to be made for development and the reconditioning of factories which had been delayed or wilfully neglected under private ownership. It has been evident that many of these societies have carried out their work to a considerable extent, with the assistance of the Land Reform Commission and the commercial banks. Other factors that have obstructed the working of these societies are the obtaining of skilled employees willing to work according to these policies and the adoption of a suitable accounting system.

The Department of Cooperative Development has helped to draw the attention of the respective institutions to these factors. There is no doubt, that, with their proper organisation and the progress of member-education, these Farm Societies will bring about economic development beneficial to society. There are 53 Farm Societies of this type covering an area of about 1105 acres.

Next, we must have a look at those societies known as Collective Agricultural Societies. Lands which came under the Land Reform Commission as well as Government land which the Government Agent of the area vests in certain organisations are utilised by these societies.

These societies are organised under the patronage of the Member of the National State Assembly. They are also worked on the collective basis. So far about 50 such societies, covering an area of about 5000 acres, have been registered.

We must refer, next to the District Development Council Cooperative Farms District Development Councils which are a new innovation in planning in Sri Lanka are established in every local government area. The fundamental function of these councils is to use the resources within the area for agricultural and industrial development. It was the policy to implement these schemes through the co-operative organisation. Many of the Schemes through the co-operative organisation. Many of the schemes were agricultural. It was decided at the outset, that these schemes should be through the Multi-Purpose Co-operative Society of the area or a society specially registered for the purpose. However, on a subsequent decision, such

schemes are implemented under a District Development Society set up on an electoral basis. These farm units also function on a collective basis. Provision has been made for the payment of a daily allowance and a subsequent additional payment. It can be stated that these farms are closely similar to co-operative village farms.

I have described, as briefly as possible, the different types of co-operative farm societies in Sri Lanka, from their inception to the present day. One point is clear from this. The Co-operative Movement is being called upon to meet certain demands accompanying social and economic changes, and it is capable of giving that leadership to fulfil those needs and aspirations.

COOPERATIVE PRINCIPLES

by

Lionel Gunawardana  
Specialist in Agricultural Cooperation  
ICA Regional Office, New Delhi.

## COOPERATIVE PRINCIPLES

by

Lionel Gunawardana  
Joint Director  
ICA Regional Office & Education  
Centre for S+E Asia  
New Delhi

### Definition of a Cooperative Society

A cooperative society is an association of persons, or of societies of persons, for the satisfaction of their common economic and social needs through one or more common undertakings, based upon mutual aid and profit-elimination.

### Origin of Cooperation

The Cooperation in its broader sense is not a product of any particular land. The idea of cooperation is as ancient as human history itself. There are traces of cooperative actions in human behaviour, from the earliest period of civilization. There are numerous examples, in our society, from ancient times, where people cooperated among themselves, in performing common social functions, and each other's activities.

The idea of modern cooperation, is of recent origin and the Rochdale Pioneers can be justifiably credited, with bringing into being the modern Cooperative Movement.

The Modern Cooperative Movement was started as a consumer movement, when the Rochdale Pioneers - 28 of them - inaugurated their Equitable Pioneers Society in 1844, with a capital of £28 - in the midst of depression, wage cuts and unemployment.

A certain writer has described the getting together of the Rochdale Pioneers in the following words. "At the close of the year 1843, one of those damp, dark, dense, dismal, disagreeable days .... a few weavers, out of employment, and nearly out of food, and quite out of heart with the social state, met together to discover what they could do, to better their industrial conditions".

From this meeting was born, the world Cooperative Movement.

### COOPERATIVE PRINCIPLES

The principles enunciated by the Rochdale Pioneers became the guideline for the cooperators the world over. In a sense they were

never being questioned nor have they ever appeared in the agenda of the ICA Congresses for discussion until in 1931, when the Congress resolved to appoint a Committee to examine the present application of the Rochdale Principles". This Committee made its final report to the Congress of 1934 in Paris.

As a result of this report the International Cooperative Alliance recognised seven Rochdale Principles and concluded that only four of those could be applied universally at the international level for the purpose of ICA membership.

They were:

1. Voluntary Membership;
2. Democratic Control;
3. Distribution of surpluses to members in proportion of their business in the transaction of the society;
4. Limited interest on capital.

The other three were:

5. Cash trading;
6. Religious and political neutrality;
7. Education

#### ICA Commission on Cooperative Principles

ICA Congress held in 1963 in Bournemouth decided to request the Central Committee to constitute an authoritative commission "to examine the present application of cooperative principles in different types of society and in different political and economic spheres and to advise on the right formulation of cooperative principles in the light of their application throughout the world at that time".

The Central Committee appointed a five member commission in October 1964. The commission based its studies on answers to a questionnaire it issued to the ICA's affiliated organisations as well as selected non-member organisations and individuals, and interviews it had with leading co-operators.

The commission submitted its report to the ICA Congress held in Vienna in 1966.

In its Report, the Commission recommended six principles as essential to genuine and effective cooperative practice both at present and in the future as far as that could be for

The six principles are briefly stated as follows:-

- i. Voluntary and open membership
- ii. Democratic control
- iii. Limited interest on capital
- iv. Equitable division of surpluses
- v. Cooperative education
- vi. Cooperation among co-operatives

I shall quote each principle as stated in the Rules of the International Cooperative Alliance at the point of explaining it.

The proper application of Cooperative Principles is essential for the success of the movement, for they are those which are essential, that is absolutely indispensable, to the achievement of the Cooperative Movement's purpose".

All the six principles are equally important. "They form a system and are inseparable. They support and reinforce one another. They can and should be observed in their entirety by all cooperatives if they claim to belong to the Cooperative Movement". (ICA Principles Commission)

The first four principles set out the working methods of the cooperatives and the other two state what is essential for the continued progress of the movement.

#### Voluntary and Open Membership

"Membership of a cooperative society shall be voluntary and available without artificial restriction or any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership".

The principle can be sub-divided into two parts, namely, "Voluntary Association" and "Open Membership".

#### Voluntary Association

- i. The individual should be free to join or withdraw from a society. There should not be any direct or indirect compulsions. However, his entry or exit should not affect the society adversely. Therefore, this freedom can scarcely be absolute. It can be modified or restricted by other considerations of greater validity.
- ii. The member should be loyal to the society. He should realize and fulfil his obligation to the society and the society in turn should reciprocate.
- iii. This loyalty can come only if member has joined the society of his own free will and not under compulsion.
- iv. A society is not obliged to retain a member if his conduct is detrimental to its interest. The condition of expulsion however should be clearly laid down in advance and known to both parties.



Open Membership

- v. Those who can make use of the services of a particular cooperative society and are willing to accept the responsibilities of membership should be able to become its members without any artificial restrictions.
- vi. Cooperative movement is at once a social movement seeking to increase its adherents. Naturally it should welcome and encourage the eligible persons to become members.
- vii. Artificial restriction means limitations imposed on the size of membership without there being a practical need to do so. Natural restrictions may exist which prohibit a society from entrolling everyone who is in need of the services of the society. For example, a housing society would have to limit the number of its members in relation to the extent of land available to it.
- viii. "Open membership" does not mean that cooperative are obliged to entrol all persons who may apply for membership. Those who do not have the common need for can not make use of the services cannot become members. For example, a rice grower need not be admitted to a citrus growers society.
- ix. The selling of shares of cooperatives to the state making it a member of the cooperative concerned is a violation of the principle of "open membership". The common need of the members which the society seeks to satisfy is not the common need of the State. When the common need of the members is the acquiring of articles required by them the State can come only as a supplier and when the sale of articles is the common need the State can come in only as a purchaser. Further, the State is not prepared to submit to the internal disciplines of the cooperative as laid down for members by its administrative organs.
- x. The open membership (with the unavoidable restrictions) makes a cooperative society distinctly different from a Joint Stock Company. Because of open membership shares remain at the nominal value fixed by the society's rules.

Democratic Control

"Cooperative Societies are democratic organisations. Their affairs shall be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies shall enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration shall be conducted on a democratic basis in a suitable form"

- i. The primary purpose of a cooperative society is to promote the interests of its members. To achieve this end the members must have the final say in the society. Therefore there should be an effective method of consulting the members as a body. To ensure that the members interest gets the highest priority in the administration of the society's affairs, those who administer the affairs must be chosen directly or indirectly by the members.
- ii. "One man, one vote" is the most condensed expression of the democratic administration of cooperative societies.
- iii. In the case of organisations of higher tiers, one member one vote would work satisfactorily only in organisations where there is no great disparity in size between their affiliated societies. If there are wide disparities in size, each affiliated society should have votes in proportion to its own individual membership, a "method which unquestionably pays proper respect to the human factor".
- iv. In<sup>v</sup> developing countries where governments give large funds to the societies, government representation on Boards of Management become necessary. Without generous amounts of government finance, cooperative development in these countries will be slow. However, representation should not continue " a day longer than it is necessary".

Limited interest on capital

"Share capital shall only receive a strictly limited rate of interest, if any".

- i. There are two principles designed to eliminate profit. This is the first
- ii. The fact that capital adds productivity to labour is recognised. The conception in the cooperative society is that of labour working with capital and not for capital.
- iii. The three main forms of capital in a cooperative:  
(i) Share capital; (ii) Capital owned by society in the form of reserves etc; (iii) External borrowing etc. The limitation applies really to the first. No interest is payable on the second. Interest may be calculated for the purpose of internal accounting. In the case of the third, the interest rates are not likely to exceed the rates prevailing in the external money market.
- iv. There is no principle which obliges that interest should be paid. Even if no interest is paid, there is no clash with the principle. 1
- v. If interest is paid below the rate which may be regarded as fair elsewhere then also it can be regarded as payment of limited interest.
- vi. If a certain limited rate of interest is paid for a certain period but raised or lowered according to the long range movement of interest rates, and not in response to short-term fluctuation on the money market, that does not contravene the principle.
- vii. If a premium is merged into the rate of interest, it is, "from a cooperative point of view, at least dubious".

Disposal of surplus (savings)

"Surplus or savings, if any, arising out of the operations of a society belong to the members of that society and shall be distributed in such manner as would avoid

one member gaining at the expense of others. They may be done by decision of the members as follows:-

- a) By provision for development of the business of the cooperative;
- b) By provision of common services; or
- c) By distribution among the members in proportion to their transactions with the society".

i. This is the second principle designed to eliminate profit.

ii. Cooperative way is to render service at cost. The trading surplus is "an overcharge which belongs to those from whom it has been derived and to whom it should be returned" (Calvert).

iii. With regard to the distribution of surplus there are certain operational aspects that must be considered:-

- a. Provision of goods and services to members at low prices which hardly leads to accumulation of surplus for distribution.
- b. The business prudence some time may require that all or large part of the society's earnings to be placed to reserve.
- c. A major part of the surplus may have to be devoted to provision of common enjoyment to the members.

iv. In the disposal of surplus, there are two main points that should be kept in mind:-

- a. How to find the proper balance between the interest of the society and those of the individual members.
- b. To do justice as between one individual member and another. It is important to remember that economic benefits conferred on the members are of various kind - money, goods or service.

v. The distribution of surplus among members is an important characteristic that distinguishes a cooperative from a Joint Stock Company.

"All cooperative societies shall make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of Cooperation, both economic and democratic".

i.

Definition of education for the purpose of cooperation :

"For the purposes of Cooperation, however, education needs to be defined in a very broad sense which includes academic education of more than one kind but much besides. It includes both what people learn and how they learn it. Every phase of experience, which adds to people's knowledge, develops their faculties and skill, widens their outlook, trains them to work harmoniously and effectively with their fellows and inspires them to fulfil their responsibilities as men or women and citizens, can have educational significance for Cooperation. Less and less in the contemporary world can education be limited to what is learnt in schools and colleges at special periods of people's lives. According to the cooperative concept, education is a life-long process".

(Principles Commission Report page 34).

ii.

The persons who should be covered by the process of cooperative education can be divided into three groups :

- a. Members
- b. Office holders
- c. General public.

iii.

The first group the members, need to be educated in :

- (a) principles of cooperation
- (b) rights and duties of members
- (c) elementary economics which is of relevance to day-to-day life.

- iv. The second group, the office holders, include board members and professionals employed. In case of board members education has to be more intensive than in the case of ordinary members. It should include a great deal of business knowledge. The professionals employed need to be trained in appropriate techniques.
- v. The third group, the general public, should be regarded as potential members, persons who must be won over into the cooperative fold. They should be kept informed about the cooperative movement's aims, its organisation and methods, its achievements and its plans for the future".

#### Cooperative among Cooperatives

"All cooperative organisations, in order to best serve the interests of their members and their communities shall actively cooperate in every practical way with other cooperatives at local, national and international levels".

- i. The cooperation among cooperatives is playing now and is destined to play in the future a very important role.
- ii. If the cooperative movement is to achieve continued progress, it has to meet effectively the opposition of big business and of its spokesman, the capitalist press. The cooperative movement, especially in developing countries, has a bad press. It is only a united movement that can meet this opposition effectively.
- iii. Cooperation between cooperatives may take the form of (a) economic collaboration, and (b) ideological cooperation.
- iv. Economic and ideological collaboration among cooperatives may be discussed under three headings :

- (a) Relationship between primary societies and between primaries and higher tier organisations.
- (b) Cooperation among different sectors of the movement.
- (c) International Cooperation.

(a) Relationship between primary societies and between primaries and higher tier organisations :

The ultimate objective of the primary societies and their federations is to serve the primary member. To achieve this end there must be closest possible cooperation between them.

(b) Cooperation amongst different sectors of the movement:

Ideological and economic collaboration amongst different sectoral cooperatives is very necessary for the continued progress of the management.

The ideological collaboration can take the form of joint facilities for education and training of members and employees.

Economic collaboration amongst various sectors of the movement can be of mutual benefit to them. Cooperation between producers' cooperatives and consumers' cooperative will lead to the seemingly paradoxical but true result of producers getting better returns and consumers receiving the products or services at lower rates by eliminating the middleman.

International Cooperation :

Regional and international seminars and conferences of the International Cooperative Alliance and other international and regional organisations have enabled the cooperative movements of different countries to learn from each other and has created a feeling of solidarity amongst them.

There are many national cooperative institutions which receive foreign cooperators for training. These international exchanges have positive effects on the growth of cooperatives.

There are many national cooperative institutions which receive foreign cooperators for training. These international exchanges have positive effects on the growth of cooperatives.

There are examples of economic collaborations amongst movements in the west and to a lesser extent in the developing countries. The Scandinavian Wholesale Society and Japan-Thai Aid and Trade Agreement in which Japanese Movement is assisting Thai cooperatives in the production of maize are two examples.

Conclusion :

"Humanity at large is seeking, however blindly, for a major transformation from a system dominated by capital to one based on human dignity and equality. The Cooperative Movement, when true to its principles and armed with the courage of its convictions, can prove by practical demonstration that a world society is possible in which man is no longer the slave but master of economic forces".

The objectives and the ideals of the movement as a whole "are no less than the attainment of a stage at which conflict, monopoly unearned profit cease to exist" and this can be achieved only by "the unstinted and united efforts of all cooperators and cooperative institutions, large and small, national and international".

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# LAND REFORM AND COOPERATIVE FARMING IN SRI LANKA<sup>1</sup>

by  
Lionel Gunawardana

## INTRODUCTION

Sri Lanka can be divided into three climatic zones, viz. the Dry Zone, the Intermediate Zone and the Wet Zone. During the period of colonial domination by the Dutch, Portuguese and the British the emphasis in agriculture was on raising of cash crops in the Wet Zone. Development of plantations, first coffee and later tea resulted in the indigenous peasants being dispossessed of their land which in turn resulted in the neglect of the cultivation of food crops. Various legislations enacted by the British (e.g. The Crown Land Encroachments Ordinance of 1840/41. The Temple Land Ordinance, The Grain Tax Ordinance and the Waste Land Ordinance of 1897) were largely responsible for this dispossession.

"The overall import of the new ordinance was that the impact of the new idea upon the existing social structure was responsible for the much-vexed "land problem" - the ~~insecure~~ society which made fairly extravagant use of land, always cultivated part of the crops on land not always "owned" in the modern concept. Under such conditions there was simply recognition of cultivation rights and not individual ownership of the unit of production. But to the society - the plantation sector - it became necessary in the context of capitalist agriculture that individual ownership and title had to be proven. Thus it was that there came into being in Ceylon for the first time in the known history of the island, a peasantry that was impoverished and dispossessed of its land the landless peasantry. The villages inevitably became hemmed-in by the encroaching plantations and soon lost their right to their grazing land chenas. The dispossessed peasant could not even find employment in the plantations, in view of his irregularity of attendance, such absenteeism being unavoidable in the context of the socio-economic set up. The peasant had to help out his fellow villagers during times of communal activity such as sowing, harvesting, threshing and the like. The plantations solved this problem by the importation of cheap labour from India. The plantations thus, in effect, absorbed the land but not the labour".<sup>2</sup>

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1. This paper was prepared on the basis of observations the author made in his visits to some cooperative farming societies in Sri Lanka, and information obtained from the Land Reform Commission, Department of Cooperative Development and Agrarian Research and Training Institute. The author is grateful to officers of these organisations for the assistance given.

2. George Thambiahpillai "Land Reform in Ceylon : The Historical and Economic Prospective" in Land Reform in Developing Countries - edited by James R. Brown and Sein Lim.

When Sri Lanka got a certain measure of self-government in 1930's attempts had been made and these attempts were continued after independence, to solve the problem of land lessness by opening up settlement schemes in the dry zone. After independence village expansion schemes also have been implemented by acquiring some plantations and redistributing them among the landless peasants. These measures, however, did not substantially change the frame work of agriculture namely export of primary products and import of food which could be grown locally. The economy of the country continued to be effected precariously by the fluctuations of the world market regarding primary products. Balance of payment became acute and importation of certain essential foods had to be curtailed or altogether stopped.

The population of Sri Lanka continued to grow and today it stands at 13.5 million. Of this approximately 9 million are below the age 24. Among them there is a large number of youth educated and unemployed.

The increasing population of the large number of educated unemployed youth, the rural peasantry dispossessed of their land, a serious foreign exchange problem and the need for growing food crops are some factors that made land reform an urgent need.

The Paddy Lands Act of 1958 was one of the first attempts made in this regard in recent years. This provided security to the tenant cultivator but did not increase the land available for food production.

#### THE FIRST PHASE OF LAND REFORM

The first phase of land reform was initiated in 1972. The Land Reform Law No.1 of 1972 laid down the ceiling of private ownership of land as follows :

- (a) if such land consists exclusively of paddy land, be twenty five acres, or
- (b) if such land does not consist exclusively of paddy land, be fifty acres, so however that the total extent of any paddy land, if any, comprised in such fifty acres shall not exceed the ceiling on paddy land specified in (a) above.

The objectives of the Land Reform Law were :

- (i) To generate further employment and to increase productivity of the acquired lands.
- (ii) To decrease disparities in land holdings and wealth.
- (iii) To contribute to the restructuring of the society towards socialism.

The land owners owning more than the permitted ceiling of land were required to declare all their land holdings to Land Reform Commission (LRC) by December 1972. Five thousand four hundred and eighty seven declarations were received covering a total of about one million acres of land.

The table below shows the breakdown of land declared by major crops.

<u>Crops</u>	<u>Acreeage Declared</u>	<u>Percentage of Total</u>
Tea	203,504	20.4
Rubber	149,299	14.9
Coconut	220,199	22.0
Cocoa	8,404	0.8
Paddy	56,533	5.7
Forest, Patha unclutivated	203,127	20.4
Other crops	<u>158,334</u>	<u>15.8</u>
Total	<u>1,000,000</u>	<u>100.0</u>

Source : Land Reform Commission.

The whole extent declared was automaticall leased back to previous owners until the decision had been taken on the land to be retained by the owners. This process of determining the land to be retained by the previous owners and the vesting of the balance on the Land Reform Commission was completed by August 1974. Inter family transfers were also allowed (i.e. children over 18 years of age and parents of the landowner were in certain circumstances eligible to retain 50 (or 25 of paddy) acres of the family land).

The Land Reform Law provides for fair compensation to owners. The compensation is is calculated on the basis of the average annual profit earned from the land during the 5 year ~~5~~. The compensation is to be paid either by cash or by land refrom ~~bonds~~. The bonds are of 25 years duration and cover an interest rate of 7 per cent perannum.

The extent of land finally vested in the Land Réform Commission as a result of the above mentioned Law was 559,377 acres.

The following tables shows the crop-wise breakdown of land finally vested.

<u>Major Crop</u>	<u>Acreeage</u>	<u>Percentage of Total</u>
Tea	135,760	24.27
Rubber	82,944	14.38

<u>Major Crop</u>	<u>Acreage</u>	<u>Percentage of Total</u>
Coconut	115,350	20.62
Paddy	16,270	2.91
Cocoa	245	0.04
Cardamom	7,699	1.38
Mixed	14,513	2.59
Jungle, Patna (uncultivated)	182,257	32.58
Cinnamon	777	0.15
Chena cultivation	1,861	0.33
Abandoned tea & rubber*	1,701	0.30
<b>Total</b>	<b><u>599,377</u></b>	<b><u>100.00</u></b>

Source : Land Reform Commission.

The Land Reform Law states that the land vested in the LRC shall be alienated by way of sale, exchange, rent purchase or lease for agricultural or animal husbandry purposes or for cooperative collective farms or for building or public purposes.

The following table shows the alienation of land vested in the land reform commission.

<u>Recipient</u>	<u>Acreage</u>	<u>Percentage of Total</u>
State Plantations Corporation	31,791	5.69
Usawasama <sup>1</sup>	87,235	15.61
Cooperative Settlements	38,704	6.93
Dist. Land Reform Authorities	177,719	31.81
Multipurpose Coop Societies	48,143	8.62
Special Coop Organisations	19,750	3.54
Land Commissioner's Department	111,375	19.94
Distributed among villagers	13,833	2.48
Government Agents	6,450	1.15
Livestock Development Board	4,891	0.88
Coconut, Rubber, Tea Research Institutes	2,184	0.39
Coconut Cultivation Board	11,235	0.22

1. (Udarata Samupakara Idam Sanwardana Mandalaga or Upcountry Cooperative Land Development Board). This is statutory body and not a cooperative society registered under cooperative law.

<u>Recipient</u>	<u>Acreage</u>	<u>Percentage of Total</u>
Conservator of Forests	785	0.14
District Development Cooperative Societies	754	0.13
Other methods of disposal	<u>14,528</u>	<u>2.60</u>
Total	<u>559,377</u>	<u>100.00</u>

Source : Land Reform Commission.

The State Plantation Corporation has been given mainly the larger well maintained tea and rubber estates. Land given to cooperative settlements, generally, are those which have been poorly maintained and of fairly low potential.

#### THE SECOND PHASE OF LAND REFORM

The first phase of land reform begun in 1972 did not include the following categories of land :-

- (a) Agricultural land owned or possessed by a public Company.
- (b) Land owned or possessed by Viharas or Devalas. (Buddhist and Hindu Temples).
- (c) Land owned or possessed by religious institutions.
- (d) Land that constituted a charitable trust.
- (e) Land held in trust under the Buddhist Temporalities Ordinance.

With the enactment of the Land Reform (amendment) Law No.39 of 1975 by the National State Assembly all land owned and possessed by the Public Companies, both foreign and local, was vested in the Land Reform Commission. Three hundred and ninety six estates owned by 232 public companies with a total of 415,568 acres were vested in the Land Reform Commission, with the passage of this law. Of these 292,126 acres were under tea, 110,021 acres under rubber, 8034 acres under coconut and 5325 under other crops.

The declared intention of the Government was to implement the following programmes with regard to these lands :

- (a) Rehabilitating the peasantry dispossessed of their lands.
- (b) Better housing and sanitation facilities for the workforce on the estates vested.
- (c) Rationalise the utilisation of tea and rubber factories on a regional basis
- (d) Crop-diversification and animal-husbandry.
- (e) Worker participation in the management of the estates vested.
- (f) Increase in employment and productivity.

The Government is in discussion with the Buddhist Clergy and leaders as to how best the land belonging to Viharas and Devalas could be brought under land reform.

The amending law provided that those managing the estates prior to the takeover would continue managing them for a specified period as trustees of the Land Reform Commission.

The estates were managed under this arrangement for sometime and thereafter some of the land was handed over to the State Plantation Corporation and the balance was brought under the new institution named JANAWASAMA, a statutory board created specially for this purpose.

### COOPERATIVE FARMING

There are five main types of cooperatives in Sri Lanka today engaged in cooperative farming. In addition to these, some of the multi-purpose cooperative societies also have been entrusted with the management of some estates vested in the Land Reform Commission under the Land Reform Law. The major types of cooperatively owned farms are:-

1. Cooperative Youth Farms.
2. Samupakara Gammana (Cooperative Village Settlements).
3. District Development Council Agricultural Projects.
4. Cooperative Janawasas (Land Reform Settlements).
5. Electoral Land Reform Cooperative Societies.

It is only the types mentioned in 4 and 5 that are exclusively concerned with land vested in the Land Reform Commission under the Land Reform Law. The other three types have been in existence before the Land Reform Law.

The objectives of all the schemes are somewhat similar. The major objectives are :

- (a) To create employment
- (b) To increase production at lower cost.
- (c) To maintain social and economic equality between members
- (d) To develop cooperative forms of organisations.
- (e) To achieve self-reliance and self-management by members
- (f) To integrate the new settlements with surrounding villages.

### Cooperative Youth Farms

The original plan was to start two hundred and thirty youth farms between 1966/68 and 1969/70 at a total cost of over 150 million rupees. However, only 43 farms have been started. Most of the farms

grow subsidiary food crops as chillies, onions etc. and some have retained coconut and tea. The scale of cultivation was determined so as to provide income to youth to a tune of 250 to 300 rupees a month which was comparable to income obtained from urban employment.

Youth with agricultural background were selected for the projects. The scheme are managed by the Government Agents or District Land Officers. Each scheme is placed in charge of an officer who works with the youth guiding them in their work.

The youth undertook all development work by themselves with food aid and subsistence allowance being provided by the Government. This method was expected to reduce cost and increase commitment. The emphasis was on growing cash crops in order to get higher income.

The societies are managed by boards of directors comprising of elected and nominated members.

Forty one youth schemes were started during the first five years of the programme (i.e. 1966-71). Generous subsidies were given by the government for their establishment.

The following table shows breakdown of subsidies per youth on different Scheme Types.

I t e m -----	Gravity Irrigation Schemes -----	Lift Irrigation Schemes -----	Passion Fruit Scheme -----	V.P. Tea Schemes -----
Transport	50.00	50.00	150.00	150.00
Implements	30.00	30.00	30.00	30.00
Clothing	30.00	30.00	30.00	30.00
Seed Materials	60.00	60.00	---	---
Planting Material	---	50.00	95.00	2,000.00
Fertiliser & Maintenance	---	---	1,200.00 (2 years)	1,388.00
Disease & Pest Control			125.00	125.00
Subsistence allowance	1,094.00 (1½ years	1,094.00 at Rs.2/-	1,440.00 per day)	1,094.00
Recreation facilities	15.00	15.00	15.00	15.00
Temporary Huts	80.00	80.00	80.00	80.00

<u>I t e m</u>	<u>Gravity Irrigation Schemes</u>	<u>Lift Irrigation Schemes</u>	<u>Passion Fruit Schemes</u>	<u>V.P. Tea Schemes</u>
Internal roads	225.00	225.00	825.00	825.00
Soil conservation	80.00	80.00	200.00	200.00
Stumping	260.00	260.00	---	---
Fencing	75.00	75.00	100.00	---
Wells or water supply	200.00	200.00	200.00	200.00
Cottage and Latrines	1,075.00	1,075.00	1,075.00	1,075.00
Camp and Canteen	600.00	600.00	600.00	600.00
Irrigation cost	5,000.00	640.00	---	---
Pumps and Equipment	---	300.00	2,400.00	---
			(posts)	
<b>Total subsidy</b>	<b>9,524.00</b>	<b>5,454.00</b>	<b>10,025.00</b>	<b>8,412.00</b>

Source: Report on Youth Settlement Schemes.

The Land Commissioner's Department which is in charge of these schemes prepared a report on them in 1971. According to this report employment could be provided under these schemes only to 2739 as against the target of 25,500 mainly because only 41 schemes were started against the anticipated 230.

Thirteen of the forty one schemes have achieved the target income per youth of Rs.250 per month. Many of the youth in these schemes achieved income levels of Rs.500/- per month.

Collective clearance of lands during early stages have been successful. Allottees however opted for individual ownership and cultivation after the development stage was over.

The report states that the youth schemes had broken new ground in introducing new crops and new agricultural practices and shown that educated youth will take to agriculture provided income levels attainable compare favourable with those of the urban middle class employees.

The report also notes that the cooperatives set up in the scheme serve only the consumer needs and not the development needs of the settlements.



It should also be noted from the figures given above that establishment cost of these schemes is rather high and the income quoted does not take into account capital repayment since the initial investment was a grant.

of  
After the 1973 report/the Land Commissioner's Department no new youth schemes were started. A small number of successful ones were allowed to expand.

The following table shows the agricultural performance of Youth Schemes, 1973.

<u>Major crops</u>	<u>No. of schemes</u>	<u>No. of Youth</u>	<u>Acreage planted</u>
Chillies and Onions (SFC)	22	1,767	1,754
Paddy (alone)	1	11	33
Tea (with passion fruits, cinnamon, etc.)	6	440	245
Cinnamon	2	103	75
Passion Fruit	3	568	325
Vegetables and mixed crops	6	163	155
Animal husbandry	1	11	6
Coconut	1	96	770
Cardamon	1	57	49
	-----	-----	-----
Total	43	3,216	3,412
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#### Samupakara Gammana

The Government of Sri Lanka decided in May 1971 to start Samupakara Gammana (Cooperative Village Farms). For policy formulation etc. these are under the Ministry of Agriculture and Land.

The major objectives of these projects are:

- (a) To provide employment,
- (b) To offer a satisfactory earning.
- (c) To conserve foreign exchnage.
- (d) To minimise capital costs.

These cooperative village farms were set up on an electoral basis. Areas where unemployment problem was acute and cost of infrastructural development was low were given priority.

The objectives set for the farming societies are to inculcate among the members, the habit of thrift, self-help and mutual-help, to work for their economic progress in accordance with cooperative principles especially to maintain an agricultural farm and to undertake agriculture and animal husbandry and other subsidiary work.

The societies are empowered by the bye-laws :-

- i. to run a farm for agriculture including animal husbandry.
- ii. to store, process and sell the products of the farm, to supply necessary agricultural input.
- iii. to maintain savings accounts for members.
- iv. to engaged in small industries.
- v. to carry out programmes to improve agricultural and industrial skills of members etc.

The members of these cooperatives were selected within a radius of 5 miles from the farm. The selections were done by the Government Agent in consultation with the members of the National State Assembly of the area. The land for these projects were selected from the following categories in the descending order of priority.

- i. Unused crown land earmarked for development.
- ii. Crown land alienated to persons but not properly developed.
- iii. Forest no longer needed as reserves and which were being used for illicit cultivation, to be taken over with the concurrence of the Conservator of Forests.
- iv. Uncultivated private lands which are not properly managed and thus rendered uneconomic.

It was considered that a project should cover more than 200 acres to be a viable economic unit.

Funds for the project was drawn from :-

- (a) Share capital of members : The value of one share was to be Rs.500/- and was to be loaned by the Peoples Bank and recovered in instalments in 5 years.
- (b) Grants from government : A grant up to a maximum of Rs. 1600/- per acre. This amount is for development of crown land or acquisition of land where crown land is not available. These grants are channelised through the Peoples Bank.
- (c) Equity Capital from other approved institutions.
- (d) Loans from the Peoples Bank : Short term loans up to 36 months and medium and long term loans of 3 to 10 years from the Peoples Bank for capital expenditure over and above the grants by the Government and for recurrent expenditure.

- (e) Any other form of credit and subsidies approved by Government.
- (f) Profits from the operation of the society.

The farming cooperative societies have a committee of management consisting of nine members six of whom are annually elected at the General Meeting from among members. The others are nominated by the Commissioner of Cooperative Development with the concurrence of the Government Agents of the area. Normally an Agricultural Officer, a Land Development Officer and a Cooperative Inspector are nominated.

The elected members can not hold office consecutively for more than three years.

At the initial stages more government officers are nominated. They are usually from the following categories of officers : Assistant Government Agents, District Revenue Officers, Agricultural Extension Officers, Land Development Officers, Agriculture Instructors and Cooperative Inspectors.

The system adopted in working the farm may be one of the following:

- (a) The entire farm may be worked as one unit by the members on daily wage basis or on task basis.
- (b) The membership may be divided into several groups and each group work on an assigned area according to the plan prepared by the management.
- (c) Each member may be allotted an area for cultivation. Land however would not be divided on permanent basis.

#### Present Position

Sixty five cooperative farms have been approved by the government between 1971 and 1973. Work was in progress in 53 farms by 1973 and at the end of March 1976 there were 61 farms covering over 14,000 acres and having a membership over 3,000.

#### District Development Councils : Agricultural Projects

District Development Councils fall under the purview of the Ministry of Planning. They are intended to be the link between the net work of Government Agencies and the local community. They comprise of government officials and representatives of peoples organisations like cooperative societies, cultivation committees, village committees, etc. and the functions of these councils include preparation of development plans for their area and formulation of projects. In the words

of the Secretary, Ministry of Planning and Employment these councils have attempted to " ... bring together People's Representatives and Government Officials for the common task of regional development .... The Councils are expected to examine the land and natural resources, raw materials available locally and to devise projects which will provide employment opportunities for the people.... in other words, the Development Councils are given an opportunity of producing a miniature plan for their areas..."

From the beginning of 1971 to the end of 1973 a total of 1198 projects of the District Development Councils have been approved by the Planning Ministry. Out of these 50% (41%) were agricultural projects. The total number of jobs created by the DDC projects from 1971 to 1973 was over 22,000.

Participants for the projects are selected from the area covered by the District Development Council. The extent taken up for agricultural projects under these schemes generally do not exceed 100 acres.

Funds for these projects come from grants by the Ministry of Planning and Economic Affairs given through the Government Agents and loans from approved credit institutions.

The management of these projects is done in one of the following ways :-

- (a) By a special cooperative society formed for the project.
- (b) By a special cooperative formed to manage several projects which may include both agricultural and industrial projects.
- (c) By the existing multipurpose cooperative society of the area.

In all these three cases officers from the Government Department concerned are closely associated in the implementation of the projects either as members in the management committee or as advisers.

There were 68 Divisional Development Cooperatives at the end of March 1974 established to implement projects approved by the Ministry of Planning and Economic Affairs. These societies undertook both industrial and agricultural projects. The number increased rapidly as the Ministry of Planning approved additional projects. At the beginning of the second quarter of 1975 the Government decided to organise District Development Cooperatives on an electoral basis (i.e. one society for each parliamentary electorate). All projects that were in operation prior to registration of these societies were intended to be brought under their management.

By April 1976 there were 122 such cooperatives.

Samupakara Janawasa

As stated earlier the land that was vested in the Land Commission by the Land Reform Law were assigned to various agencies for maintenance and development. Some of the lands were earmarked for village expansion schemes where the land was divided among the village peasants. These were mostly land which did not exceed 50 acres in extent.

Some of the larger estates generally those which have not been well maintained were earmarked for youth and cooperative settlements.

Samupakara Janawasas or Cooperative Settlements (in the form of collective farms) were thought suitable for maintenance and further development of these estates as these estates were designed for large scale management. The past experience of splitting estates especially tea and rubber into small holdings has been disastrous.

Accordingly several estates have been converted into Samupakara Janawasas or Cooperative Settlements. Cooperatives have been registered with local youth as members to run these estates. Youth farm adjoining villages also have been enrolled.

Board of Directors consisting of nine members, six elected from among members and three nominated (one representing the multipurpose society of the area, one representing the productivity committee of the area, and one representing the district land reform authority) are in charge of supervision of the day to day operations of the farm within the broad policy guidelines provided by the Land Reform Commission. The elected members can not serve in the Board consecutively for more than 3 years. When it is considered that more control is necessary at the initial stages due to heavy investments, technical complexity, etc. the byelaws permit formation of a temporary executive committee for one year. The number of the members of the committee shall not, according to the provision of the byelaw, exceed seven and are nominated by the Commissioner of Cooperative Development.

The objectives of the Janawasa Cooperatives are :-

- i. To work for the common good and the economic development of the members on collective basis and in accordance with the cooperative principles.
- ii. To work in line with the government policy of development of productivity, using effectively the labour and skills of the members and machinery in order to ensure maximum productivity.

- iii. To collectively derive benefits from the farms, and
- iv. To inculcate the habit of thrift, self-help and mutual-help among the members.

The byelaws of the societies empower the societies among other things :-

- (a) To run a collective farm for agricultural production including animal husbandry using improved practices of agriculture and land use according to a definite development plan.
- (b) To supply agricultural inputs including machinery and implements and to provide marketing and extension services in order that the members may derive the maximum benefits from the land they collectively own.
- (c) To implement programmes for the propagation of new agricultural practices and methods in accordance with the wishes of the Land Reform Commission and with the assistance of the concerned government departments.
- (d) To maintain funds necessary for the working of the society.
- (e) To implement programmes of thrift and saving.
- (f) To engaged in small industries within the farm.
- (g) To acquire land, machinery and building with the prior permission of the Commissioner of Cooperative Development.

Planning of the Janawasas is done by the Land Reform Commission subject to the confirmation of the members. Planning is preceded by feasibility studies.

Initial requirement of finances are provided by the Land Reform Commission and the subsequent requirements are obtained as loans from the Peoples Bank.

Members work in the farm either on daily wages or on task rate basis. The surplus accrued from the operation would be divided among members according to the cooperative method.

#### Electoral Land Reform Cooperative Societies

Some of the land vested in the Land Reform Commission (around 105,000 acres) have been leased out to Electoral Land Reform Cooperative Societies.

The citizen work force of the estates handed over to the cooperatives were entitled to become members.

An estate or a group of estates as decided by the Board of Directors is treated as a branch of the society.

Each of the branches should have a branch committee consisting of seven members - five elected from among the members of the branch and two nominated by the Commissioner of Cooperative Development with the concurrence of the Land Reform Commission.

This committee is responsible for the general administration of the estate or estates belonging to the branch under the direction of the Board of Directors of the society and also for maintaining liaison between the branch and the society.

Each branch should convene a general meeting of the branch annually to consider its plan of work, annual audit etc.

The general body of the society consists of the members of the branch committees and representatives of the institutional members (other cooperatives in the area of the society).

The Board of Directors of the society consist of eleven members, seven elected at the general body meeting from among its members and five nominated by the Commissioner of Cooperative Development. This committee can not function for more than 12 months. It is the responsibility of the nominated committee to get the branches and the branch committee to get the branches and the branch committees formed and prepare for the election of the members to the Board of Directors.

The society also has an advisory board. It consists of presidents of branch committees, representatives of institutional members, president of the society and one nominated by the Commissioner of Cooperative Development. The secretary of the society also is the secretary of the Advisory Board.

The tasks of the advisory board are to advise the Board of Directors in farm planning, in crop diversification and such other matters in the efficient running of the farm.

The members work in the estates either on daily wage basis or on task basis.

The surplus accrued can be used to give rebate to members, bonus to employees, for common good funds, to pay retirement allowances to members to modernise and improve farm operations, etc.

### PLANNING

The physical planning of all the four major types of cooperative farms, namely, youth farms, Samupakara Gammanas, DDC Agricultural Projects and Samupakara Janawasas has been done well. However, economic and financial aspects seems to need improvements. In the case of youth farms subsidies were fixed according to major crops grown and have been released whether they are needed or not. The maximum grant given to Samupakara Gammanas for the development of land has sometimes not been adequate. In the case of Janawasas economic and financial planning has been done by the Land Reform Commission and these schemes are still in too early a stage of implementation to warrant any evaluation.

### SELECTION OF MEMBERS

Qualifications stipulated for the participants of all schemes are somewhat similar. Persons between 18 to 35 years of age with high school education and having an agricultural background are entitled to be selected.

Selection of the participants are done by Government Officers with the concurrence of the member of National State Assembly. The major reason for this seems to be that participants were not clear as to what they could expect from the schemes and what was expected of them. Selecting persons who believe in collective method of working may help in decreasing the number of drop outs.

Past experience does not conclusively indicate whether it is better to have a homogeneous group in terms of age, education, experience, etc. or whether it is better to have a mixed group. Mixed groups in many schemes have created problems while in some they have worked well together.

### SYSTEM OF LAND TENURE

The youth schemes the general pattern has been to allocate each youth a portion of the land which he cultivates individually and some cultivation operations and marketing etc. are done cooperatively. The tendency in youth schemes has been to demand individual ownership of land. Even marketing of produce has been done individually in many schemes. The reasons of the schemes as to the future land tenure policies and the lack of commitment to collective method of farming by the members. The attitude of the government officers in charge of the schemes who themselves, may not believe in the



workability of the collective method may have added to the situation. The third factor that may have contributed to the individualistic tendencies is the lack of opportunities for the members to participate in management. The houses of the members in youth schemes are in scattered holdings and not in village clusters. This might be the fourth factor that has added to the situation.

In Samupakara Gammanas the cultivation of land has been done collectively and so far no demands for division have arisen. Samupakara Janawasas have begun functioning recently. In these, cultivation is done collectively and the experience so far seems to be promising.

In the case of DDC projects the opinion is divided whether they should be managed by the existing multipurpose cooperatives or by specially formed cooperatives.

#### MANAGEMENT

The societies are managed by a Board of Directors comprising of both elected and nominated members. However, in many societies the government officer in charge of the projects exercise authoritarian control to the detriment of management talent developing among the participating members. This type of rigid control will also have an adverse effect on the members readiness to take over responsibility and their commitment of collective working. Efforts should be made to involve members actively in the decision making so that they would give their dedicated services to the organisation and ensure their success.

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**Outline of a talk on**  
**Types of Cooperative Farming Societies**

by  
J.M. Rana

**1. Definition**

The term 'Cooperative farming' is used to denote Co-operation among farmers in regard to agricultural production processes as distinct from 'service cooperative' or 'multi-purpose cooperative' which provides through joint effort various services to farmers such as credit, agricultural inputs, and marketing facilities.

**2. Types of Cooperative Farming Societies**

The following are the main types of cooperative farming societies.

**2.1. Cooperative Better Farming Society:**

In this society each member owns or is in permanent occupation of land and cultivates it independently.

However he agrees to (a) follow a plan of cultivation laid down by the society, and (b) obtain from the society agricultural inputs, market the produce jointly and make use of machinery owned by the society. The net profits, after providing for reserves, are distributed in proportion to the patronage of the members.

**2.2 Co-operative Tenant Farming Society**

This type of society obtains land on a free-hold or lease hold basis and allots to each member a separate plot for cultivation. The member cultivates the plot according to a plan laid down by the society and obtains the services and supplies from the society as in the case of better farming society. Each member (tenant) pays a fixed rent to the society for the plot allotted to him but returns from the holding are his own. <sup>The net profits after allotments to</sup> reserves and other funds, are distributed in proportion to the rent paid by the members.

The difference in type 2.1 and 2.2 is in regard to the tenurial position of the member. The position of the member vis a vis the society in Type 2.2 is that of a tenant.

**2.3 Cooperative Joint Farming Society**

In such a society, member owns the land. But the members agree to pool the land and cultivate it jointly in accordance with the production plan decided upon by the management of the society.

The members are paid wages. At the end of the year the sale proceeds of the jointly cultivated land, after meeting expenses, are shared by members in proportion to the work done and/or land contributed. Ownership of land is recognised and rewarded by payment of a return in relation to the productivity of land.

#### 2.4 Cooperative Collective Farming Society

Such a society obtains land on a free-hold or lease-hold basis. Joint cultivation is undertaken. As members do not own the land, no payment is made to the members on this account. Members are paid wages. At the end of the year, the net profits, after providing for reserves and often funds, are distributed among the members in proportion to the work done by them.

### 3. Formation of Societies

3.1 Types 2.1 and 2.3 can be organised in settled areas where members own land or have permanent occupancy by them.

3.2 Types 2.2 and 2.4 can normally be organised in new settlement areas where virgin or forest land is being newly opened up. They can also be organised when surplus land is acquired by the state as a result of land reform measures.

### 4. Relative Merits of Various types of Societies

4.1 A great deal of controversy exists on this subject.

Types 2.1 and 2.2 are highly developed forms of service cooperatives. They stop short of joint cultivation and all that it implies. The assumption here is that maximum social and economic benefits to the country and the members will accrue if the 'nexus' between man and land as found in "Free Enterprise Societies" is maintained. It is felt that the psychological bonds binding man to his land will result in maximum productivity. The other assumption is that there is enough land available to give economic or even optimum size of cultivation units to the members.

4.2 The Proponents of joint cultivation in types 2.3 and 2.4 base their arguments on the following:-

(i) In many developing countries, the land-man ratio has become too small to make optimum land use possible.

(ii) Economies of scale can be had by enlarging the size of the farm. The technological efficiencies would rise as a result of:

- (a) more scientific and rational use of land;
- (b) more intensive use of capital;
- (c) new and improved agricultural technology can be introduced which is not possible on small farms;
- (d) A large-sized farm can command better resources and management and thus reduce costs and raise output.

The opponents argue that the theory of economies of scale does not apply especially to areas where high labour intensive methods must be used. They further argue that productivity depends on personal interest of the peasant and that this is not possible due to the psychology of the peasant which is highly individualistic.

Both sides argue their cases hotly and it is often difficult to sift grain from the chaff.

#### 5. Conditions for Successful Functioning of Joint Farming Coops

5.1 Coop farming societies involving joint farming may be described as the highest form of cooperative organisation since it involves shedding of individualism to a very high extent. (Full shedding of individualism is expected of monks, sadhus, priests or nuns who follow a religious order.) Thus a high sense of social discipline, and understanding and appreciation of cooperative endeavour would be needed.

5.2 Homogeneity among membership will make for greater possibility of harmonious working since elements of conflict would be less.

5.3 Organisational arrangements ensuing just and equitable distribution of work among members and similarly a just and equitable system of rewards and penalties.

5.4 A high degree of understanding of human motivations on the part of leadership of cooperative farms and their ability to handle human relations effectively.

5.5 Proper relationship between government and its administrative and development departments on the one hand and cooperative farms on the other.

All the above conditions are very difficult to achieve. It is a matter for debate whether success of cooperative farming can and should be achieved through the democratic will of the members acting in proper partnership with the State or through bending the will of the members through the all-pervasive authority of the government.

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The National Seminar on Cooperative Farming in Sri Lanka  
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Co-operative Village Settlements (Gammanas)  
-their present position, problems and  
future programme

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by - A.M. Karunaratna - Assistant Director  
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The plan for a new type of co-operative farming society saw its beginning in the latter half of 1972. The 2 main objectives of the Government in establishing Co-operative Village Settlements were -

1. Providing employment for unemployed youth.
2. Agricultural development.

It was clear to the Government that in the fulfilment of these goals, the following aims too would be achieved.

1. Agricultural development based on a planned programme with the active participation of the members.
2. Laying the foundation for scientific agriculture using modern farming methods, with the co-operation of those Government Departments connected with agriculture.
3. Working collectively on a common ownership of land, and the maintenance of a high level of management.
4. Utilisation of under-developed private and state-owned land and some forest areas for cultivation and obtaining optimum productivity.

Present position

These co-operative village settlements begun in 1972 under the guidance of the Ministry of Agriculture, spread in the wet zone.

Of the 82 C.V.S. proposed in 1972-73, 77 were established by 1974. Those in the Dry Zone were abandoned as they were not economically viable due to various reasons. The present number is 65.

At the end of 1975 the membership of these C.V.S. was 4878. Of these some left for other jobs while new members were recruited.

The total acreage under these 65 C.V.S. is 15,485 acres and almost half of it is under development. By the latter part of 1975 the acreage under the main cash crops were as follows:

Tea	474 acres
Rubber	1178 "
Coconut	1654 "

Those C.V.S. set-up in the Wet Zone can be classified on a District basis.

Kurunegala	11	N'Eliya	2
Kegalle	10	Badulla	1
Ratnapura	13	Hambantota	2
Kalutara	1		
Galle	13	Total of 11 Districts.	
Matara	4		
Kandy	4		
Matale	4		

#### Board of Directors

A Co-operative Village Settlement is a co-operative society. The Board of Directors consists of 9 members, 6 of whom represent the memberships, the other 3 being mostly selected from among government officials. In most cases the President is either the District Revenue Officer or the Assistant Government Agent. Officers of Government Departments and Banks connected with agriculture or those with a knowledge of agricultural development and management, recommended by the Member of the National State Assembly and the Government Agent are appointed to the Board.

By appointing officials to the Board of Directors, a 2 fold purpose is achieved -

- a) Training of the youth in the skills of management, cash control and planning, within the first 3 years.
- b) Programme-planning with the co-operation of experienced local, leaders who know the skills and techniques of the locality.

On the basis of this knowledge and experience it is expected that the Board of Directors, will be a self-governing body consisting entirely of the members. This expectation has been successfully realized in the Kegalle, Galle, Ratnapura and Kurunagala Districts.

In instances where the estimated results have not been obtained due to unforeseen circumstances, viz. insufficient water, delay in obtaining necessary inputs or infertile soil, the presence of Government Officials on Boards is evident even after the 3 year period.

In C.V.S. with a large memberships there are, in addition to the Board, different Committees set up according to administrative requirements viz. Finance Committee, Disciplinary Committee, Permanent Crops Committee, Subsidiary crops committee, Security committee, Welfare committee etc. The setting up of these committees is done by the Government Agents while the appointments and supervision are in the hands of the Board of Directors. The duties of the Committees are planning, implementing, co-ordinating, and controlling their respective fields of work.

The duties of the Board of Directors are many. Some of them are-

1. Preparing the 3 - year agricultural programme at the very inception of the C.V.S.
2. Estimating the capital required and obtaining it from the relevant institutions and getting Bank loans.
3. Obtaining the necessary financial assistance from the relevant Government Departments and Corporations in regard to the main and other export crops as stated in the plan.
4. Obtaining the assistance and advice of officials by holding conferences.
5. Cash-control, revision of committees, alteration of the agricultural plan where necessary, plan new programmes for the progress of the C.V.S.

#### Membership

The original policy was to restrict membership to the 18-35 year age-group. This has been relaxed because the main aim is to recruit those who are interested in agriculture. In the take-over of estates even workers outside this age-group were recruited. A sound physical condition and an agricultural bent rather than educational qualifications are considered.

Another decision to restrict memberships to youths within a 5 mile radius could be relaxed to include others where such youths were not available.

The general recruitment of members is by the Government Agent or the District Revenue Officer, with the consent of the Member of the National State Assembly. Members are bound to carry out any job entrusted to them by the Board of Directors.

Termination of membership requires one month's prior notice. Rules and regulations relating to resignation and dismissal are found in the by-laws.

#### Cash Supply

Capital for C.V.S. is provided by the Government at the rate of Rs.1600/= per acre. Allocations were made in 1972 - 73 from the Ministry of Agriculture and in 1974 - 75 from the Ministry of Planning under the de-centralised budget.

While this amount is deposited in the Peoples' Bank, where a development loan is sought, it can be obtained from that particular institution at 3% interest on a short-term basis. In the absence of such a deposit, the Bank has made provision for obtaining loans at 8% interest.

While the initial programme of every C.V.S. has to be prepared with the advice of the Ministry, it is studied with the assistance of the Ministry's agriculturists and agro-economists together with officials from the Dept. of Co-operative Development whereafter the necessary funds are released. This capital is allocated annually either by the Ministry or the de-centralised budget and in those settlements that have completed 3 years and are independent and self-supporting, no further allocation is made.

While the initial plan is a 3 year one, thereafter it should be done annually. In planning these programmes, the assistance of the field officers of the relevant departments is obtained. In cases where the development capital of Rs.1600/= per acre has been found to be insufficient a further allocation is approved on the recommendation of a committee appointed by the Ministry.

#### Housing

Although the fundamental aim in setting up the C.V.S. was to provide employment and increase production on a planned agricultural programme, provision has been made for a housing scheme for the members. A large number of settlements have begun housing schemes. A grant of Rs.2000/= from the income of the C.V.S. and an interest-free loan of Rs.1500/= is given to every member to build his own house. This is recovered in several instalments. A priority list is prepared with special consideration for the size of the family. The building is on a shramadana (free serviced) basis. The timber is obtained at half-price from the Timber Corporation while items like tile and cement are bought by the members. Technical services have to be paid for.



Thus it has been proved by experience that the cost of building a house is around Rs.3500/=. Action is being taken to extend this scheme to other C.V.S. too. While a member gets 1/8 acre for a house and garden plot, he can grow a subsidiary crop the income from which he is entitled to take. The income from all the main crops must be given to the society.

### Marketing

The produce of the C.V.S. is sent for marketing to the M.P.C.S. Marketing Department and other Government marketing institutions. In addition, these products are sold to companies that purchase the main crops. In every case where a guaranteed price has been fixed by the Government, such produce is supplied to state institutions.

C.V.S. vehicles and sometimes those belonging to M.P.C.S. are used for transport. In the case of dairy farms on C.V.S. the National Milk Board has set up Collecting Centres to facilitate transport. Where such centres are situated far away C.V.S. are faced with great difficulties. So far, the Guaranteed Price Scheme has helped to prevent grave marketing problems. For instance, the members have been able to sell their produce at a fair price. Further, their consumer items are also supplied at a subsidised rate. In addition, grain is sold to those in the surrounding villages because co-operation between the C.V.S. and the villages is considered valuable. Therefore, the link between the C.V.S. and the village is strengthened. Furthermore, the members fully participate in religious, cultural and social activities of the village. Their organised assistance in shramadana campaigns has been specially commended.

Another objective in the establishment of C.V.S. has been to improve the reading habit. The National Library Services Board has supplied library books and requests have been made to expand this scheme to all. While there is an attempt to improve the general reading habit, some C.V.S. purchase the daily papers, monthly journals, novels, Agricultural Department publications etc.

In the field of games and recreation too, some C.V.S. have been purchased, requests have been made to Government and foreign institutions for further assistance. "Inter-C.V.S." tournaments are a popular feature.

### Seminars

District Seminars are conducted with a view to training the members in programme-planning, implementation and control. The seminars dealing with the main crops are conducted with the assistance of the Government departments and Corporation concerned. Some have organised educational tours to the better-run C.V.S. Pamphlets regarding the progress of C.V.S. are issued on a District basis.

### Problems

The C.V.S. were started in 1972. Prior to this the Youth Farms under the Land Commissioner's Department only provided job opportunities. In the Youth Farms there was private ownership. A special feature in the C.V.S. and Janawasas is the co-operative spirit of earning an income by supplying labour on a common ownership.

While this is something new, it is natural to face various problems in the introduction of such a philosophy. Experience has shown that co-operative ownership and labour productivity has been successful, where basic amenities, natural resources, an active Board of Directors and enthusiastic officials were available. However, in C.V.S. which lacked the basic amenities, and the youth had to face difficulties, the faith in common ownership and collective responsibility dwindled. For instance, lack of roads, bridges, culverts etc. made transport difficult and led to the weakening of communication with the Board of Directors which in turn directly affected the membership. In another instance, the estimated target for a subsidiary crop may not be reached due to lack of water. Thus, all the above factors have a direct bearing on the development of a C.V.S.

Some C.V.S. were started in electorates with an acute unemployment problem. This led to hurried decisions regardless of the basic amenities. Hence optimum results could not be obtained from the efforts of the members. C.V.S. set up in privately owned estates presented administrative problems. Even after the take-over, it was difficult to change the attitude of the workers who had been used to weak administration. Where private owners had neglected their land there was evidence of theft and cheating by the villagers even after farms were set up. The old habits continued. This led to frequent clashes between the members and the villagers. There are instances of villagers instigating outsiders to divide up the property, entering the C.V.S. without permission, forcibly taking away the produce, grazing their cattle and such acts, on the assumption that it is common property.

Where tea, rubber and coconut property was acquired the members got a sufficient income for their existence. Since such land had the basic amenities, the assistance of the officials was whole-heartedly given. However, in the case of undeveloped forest and patna lands where the members did not get any income they had to face various problems. The attempts at cultivating subsidiary crops with a view to getting immediate results proved futile due to the lack of rain and irrigational facilities. In such cases too, the members' faith in common ownership and collective responsibility waned.

Some C.W.S. had to be set up in remote areas. Hence, in the absence of housing facilities, the members had to live in hostels which were really semi-permanent buildings put up by themselves. Although this was a better co-operative effort, the cost of living was higher than that of those who travelled daily from their own homes. Therefore in some cases, this led to the discontentment of members who found that the daily wages of Rs.4/= or Rs. 5/= was insufficient. The wage was low due to the limited income of the C.V.S. which either got no immediate returns from the permanent crops, and climatic factors did not permit the cultivation of subsidiary crops.

In some C.V.S. although the unemployment problem was acute, the co-operative spirit was not developed. Hence, though the establishment of C.V.S. was an attempt to cultivate this spirit, some members who were accustomed to a labourer's life, placed more faith in the daily wage from a superintendent. This was evident in every C.V.S. with adults.

In keeping with the Government policy of livestock farming where the C.V.S. started dairy farms, difficulties arose in obtaining cattle and growing fodder grass. It was the same in the case of poultry and pigs. Livestock farms set up in anticipation of progress in regard to the breeding of cattle and the collection of milk, had to face various problems, after a considerable period of their inception.

Another bar to the progress of the C.V.S. was the absence of changed attitudes of the members. Some came with the idea of obtaining, not an allowance, but a wage. They were ready to work for a set number of hours as on a Company estate, rather than accept responsibility in the working of the C.V.S. This resulted in administrative problems for the Board of Directors. In every instance where the co-operative spirit was lacking, the Board of Directors found management difficult.

Further even where the members were very enthusiastic, the Board of Directors was weak. In cases where the President was a responsible Government official, a high standard of management prevailed but where such people were absent, administration became weak.

The person responsible for the progressive management of the C.V.S. and the encouragement of its members, and who also functioned as the Secretary of the Board of Directors and implemented the plan, was the officer in charge of the project. Government field officers who were released from service when recruited to these posts showed their ability in programme implementation, co-ordination, leadership and inspiring and encouraging the youth. However in the absence of such officers various problems have arisen when outsiders were appointed to the post. This appointment which was by the Member of the National State Assembly was influenced by the consideration he had to give to the easing of the unemployment problem. Such persons lacking managerial ability and experience failed to stimulate the enthusiasm of the members.

#### Future Programme of the C.V.S.

It is 3 years since the inception of the C.V.S. and during the 1st and 2nd years they were begun in the midst of various difficulties. Problems relating to acquisition of land, programme-planning, selection of members were to a great extent avoided, with the assistance of the Ministry, Government Agents and the Members of the National State Assembly. The Board of Directors too had problems at the beginning. Nevertheless, the members who faced all this, have taken a step forward.

Though some progress has been made in these 3 years questions relating to the basic amenities in each area still persist. Since this project was first started in Sri Lanka, the forward movement has been the result of trial and error. Hence a 3 year period is hardly sufficient to base a future decision. In some C.V.S., members have to be given a knowledge of cost and returns. There are different types of youth farms in Sri Lanka. Of these the C.V.S. follow the principle of common ownership, while those under the Land Commissioner's Department and the National Youth Service Council allow private ownership. So, there is a large disparity between the two; and this has been the reason for the absence of the co-operative spirit in the C.V.S. Therefore, in a country where private ownership prevails, the spread of the idea of collective farming will take a fairly long time.

Therefore, to improve the C.V.S. several factors are essential -

- a) High management levels
- b) Cash control
- c) The enthusiasm, responsibility and strict discipline of members
- d) Marketing facilities
- e) High prices for the produce
- f) Faith in the security of the project.

Until these conditions are obtained at a fair level, it is difficult to come to any definite conclusion regarding the future of the C.V.S.

Different reasons prompt people to become members of C.V.S. Economic problems housing problems, questions regarding family life are some of them.

The Government should strive to raise the management levels, stabilise their independence and common ownership, improve production and establish a fair price system in order to satisfy member aspirations. Since these questions are subject to changing political, economic and social conditions they should be constituted so as to withstand such changes.

The Janawasa Bill before the National State Assembly proposed to bring both Janawasas and Gammanas under one Board. Accordingly, every C.V.S. can be registered under a Janawasa Commission with the consent of the members. If the Commission lays down a common programme for all Co-operative Farm Societies it would be beneficial to all settlements. Through the World Food Organisation, food has been supplied for a 2 year period to the members in order to improve their economic conditions. The new Commission will have to evolve a fair system of distributing this gift food. Although those C.V.S. with permanent crops can improve their economic conditions in the future, the Janawasa Commission will continue to obtain both financial and food aid.

In the future it will be possible to plan out better programmes based on more experience. In this respect the present co-operative farms will provide a good background. Although the future of these Co-operative Farms looks satisfactory, if factors such as management, cash control, productivity, markets and fair prices were to exercise a favourable influence on them, an even brighter future could be predicted.

The National Seminar on Cooperative Farming in Sri Lanka

June 16th - 30th 1976

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Co-operative Settlements (Janawasa) - the present  
position, problems and future programme - By K. Balapatabendi  
- Assistant Director (Co-operative Settlements)  
Land Reform Commission.

1. The Co-operative Settlements of Sri Lanka and the National objectives

1.1 The Co-operative Settlements scheme in Sri Lanka is one that is linked with the national objective. This is a programme based on the social, economic, cultural and political background of the country, which can connect the past, present and future and prepare the ground for the forward march. This is not an idea borrowed from a book. Nor is it imitation of the co-operative and state farms of socialist countries. In other words, it can be described as a modernisation of the traditional collective farming methods based on the ancient self-sufficient, economic, social and cultural patterns, peculiar to our country, adapted to suit the present needs.

1.2 In Section 5 of the new constitution which made Sri Lanka a Republic on May 22 1974, a very important place has been given to the principles of co-operation, in its analysis of Government policy. Paragraph 16 of Section 5 emphasises the need for the establishment of a democratic socialist system in Sri Lanka. The aspirations of the Government are many -

- a) Providing full employment.
- b) Rapid development of the country as a whole.
- c) Fair distribution of the national wealth.
- d) Develop state and co-operative property and the means of production and distribution so as to end the exploitation of labour.
- e) Improve the social and cultural conditions.

The Land Reform Commission occupied a prominent place in the realisation of these various policies and principles of the Government. The Introduction to the Land Reform Act of August 26th 1972 while describing these aspirations has made provision for the establishment of co-operative or collective farms on agricultural land vested in the people (by the Act) with a view to increasing production and employment.

1.3 In fulfilling the above aspirations this Act has freed the lands that the people were deprived of as a result of imperialist domination. This deprivation of Land by unfair means such as the Waste Lands Ordinance led to the destruction of the self-sufficiency of the country, and the transition to a trade economy. The country is now faced with a large number of overwhelming problems resulting from social changes due to foreign domination. Foreign exchange problems, shortage of essential food stuffs, unemployment are some of them. Special attention has been paid to their solution, in the drawing up of Cooperative Settlement programmes.

## 2. Cooperative Settlement Organisation.

2.1 The country's population growth, its distribution, the educational, economic and social changes of the unemployed have been taken into consideration in organising, the C.S. While, about 60% of the country's population is rural about 60% belongs to the under 25 age-group. Surveys have revealed that a fair number of these have at least reached the General Certificate of Education (Ordinary Level) stage. In the past 60 years while the population has increased by 300% the extent of developed land has increased only by 66%. In considering the population and the area of fertile land, it is very important to decide how it should be used.

Since most of the land that was freed by the Land Reform Commission was already developed and largely under the main crops, fragmentation is by no means a wise step due to various reasons. It would lead to a fall in production and economic loss while crop diversification, new agricultural methods, scientific use of land and increasing employment will be very difficult. A look at South Asian countries will show that the ratio of land to human resources is lowest in Sri Lanka. Not only economic but also social problems resulting from fragmentation could be very grave. Therefore, collective production methods based on the country's economic and social background and suited to the forward march are expected from the collective settlements system. Moreover, historically it is a system peculiar to the country.

## 3. The present position of the Cooperative Settlements.

3.1 Cooperative Settlements were first started in 1973 as a national objective and an economic, social, cultural and political programme of change. The first C.S. was set up in January 1973 in the Prime Minister's own electorate. It was to fulfil a great expectation of the late Prime Minister, Mr. S.W.R.D. Bandaranaike, who from his

State Council days wished to have common ownership of land in this country. The present number of C.S. is 176 distributed among 16 Districts and covering nearly 50,000 acres. While most of this was under tea, rubber and coconut, very little need had been paid to essential food crops. In spite of the fact that some of the land was suitable for paddy and some others for food crops, no attention had been given to paddy cultivation.

3.2 While conditions of production were weak on land under the C.S. their output was gradually decreasing, Use of fertiliser, re-planting, crop-diversification, re-conditioning of factories and other steps had to be taken to correct this. Before the C.S. were set up, surveys on the natural resources were conducted. Discussions also took place with the employees on these lands and members of various neighbouring rural organisations on subjects such as employment, youth-participation in the new agricultural programmes and the C.S. scheme. At present, in addition to the new agricultural activity based on the feasibility of the land, live-stock farming and small-scale agro-based industries have been started. Training-programmes in self-management for labourers-turned members and youth from neighbouring villages are another feature.

3.3 Priority has been given to paddy-cultivation. By the end of 1976 there will be more than 2000 acres. of paddy-land. A new cropping pattern on a scientific basis has been started on this land which at the time of the take-over was confined to tea, rubber and coconut. Besides food crops, a special effort has been made to grow minor export crops. About 4000 acres have been brought under a variety of yams, grains, fruits and minor export crops under inter-cropping methods. More than 4000 acres of tea, rubber and coconut land are being re-planted. 47 C.S. are engaged in the training of youth in dairy-farming, rearing of pigs, sheep, goats, rabbits and poultry and this will increase to 103 by the end of the year. Youth are trained in live-stock farming at state farms and other agricultural institutions and their enthusiasm is clearly seen. The total number involved in C.S. work is about 17,500. The farmers and labourers who were on estates and the youth are working unitedly in the production and development activities on these settlements.

A large amount of money had to be invested on Land that was obtained for C.S. The L.R.C. through its Co-operative Settlements section has made the financial investment on an interest-free repayment basis. While some C.S. have already repaid this money others are



still doing so. Members of the C.S. are engaged in collective farming according to programmes planned with the assistance of L.R.C. and Government advisers. Each member-family-unit has been allotted to 1/8 acre plot for a house and garden for his private use. Some have already built houses. Arrangements have been made to complete 2700 member houses within 1976. While C.S. members get a daily allowance according to the nature of land, those in the coconut growing areas get their allowance according to their functions, which are classified and evaluated. This is done on the basis of efficiency and labour input. 35% of the net profit is distributed on a member-participation basis, after the annual audit, on the approval of the General Body. This is in addition to their daily earnings. Allocations are made from the net profit for future development, reserves, member-welfare, payment of compensation for the land and other sundry expenses.

#### 4. Organisation of the Co-operative Settlements

4.1 Two aspects which receive special attention are management and administrative functions and programme implementation. It was a tremendous task to plan out a scheme whereby the youth who were interested in agriculture as a means of livelihood, had to be trained in self-management, with due consideration for their level of education, social and economic status and self-respect. Within the C.S. the owners, the administrators, and the employees comprise one class. Therefore, depending on the nature of the different schemes functions have been allocated to Committees. At present, there are 6 Committees common to all C.S.

- a) Planning and development
- b) Discipline
- c) Accounts
- d) Planning national objectives
- e) Supply and Marketing
- f) Cultural welfare.

Each Committee comprises about 6 members of the C.S. They draw up programmes regarding their particular fields of work, and implement them with the approval of the General Body. The President of the C.S. has to be the head of the Disciplinary Committee while the Secretary should be the head of the Accounts Committee. All these leaders are selected on the basis of ability and leadership. The committees meet periodically and plan out their work. The General Body consisting of the total membership, there is an Executive Committee comprising 9 persons. Of these,

6 are chosen from the General Body and the other 3 from outside. i.e. a representative each from the Co-operative Department, the Agricultural Productivity Centre and the District Land Reform Authority. Such persons have been appointed in order to get the assistance of District Organisations and promote relations with the village.

4.2 The members themselves draw up monthly programmes according to the annual estimates prepared with the scientific and technical knowledge and experience of the advisors and the members. While these are essentially the functions of the Committees, the approval of the General Body is obtained. The programme thus prepared is implemented by work-groups. Each group meets fortnightly to discuss and review the progress. Thus the whole year's work is done according to the needs.

## 5. Problems

The establishment of C.S. in 1973 was speedily done. Therefore the problems were many.

- (1) The climatic and weather conditions prevailing at the time of each take-over of lands was a bar to the successful planning out of agricultural programmes.
- (2) The poor economic conditions and production levels proved somewhat of a barrier.
- (3) The poor state of the machinery
- (4) The vehicles used for transporting the produce and supplies had been removed by the former owners.
- (5) The legal barrier to the granting of membership to Indian labourers who did not have citizenship rights led to 2 groups i.e. employees and members - especially on tea and rubber estates.

On the estates the members had been employed on the basis of their labour input where as in the C.S. scheme it was essential to have a people with an objective and a consciousness. These qualities cannot be easily developed on a theoretical basis. Therefore, from the inception, persons with a spirit of sacrifice and determination are necessary.

6. Future Programme

- 6.1 The number of C.S. as well as their membership will increase. Thus this scheme will expand throughout the country. Steps are being taken to develop the participants' knowledge of management, agriculture, accounts, livestock farming and agro-based industries. Training courses are conducted within the C.S. and selected members are trained at the District Training Centres. The concept of common ownership will occupy an important place in the future due to the changing ideas about private ownership as a result of the Land Reform Act and the Socialist principles of the Government. The co-operation of the people is increasing through the success of the C.S. in the different regions and the new programmes. There is room for further success in the future because the whole economic structure of this country has been under-going a change since 1970. Already youth has begun to show an enthusiasm for agriculture as a means of livelihood.
- 6.2 The income sources are being stabilised on the initial outlay. They are accepting the fact that satisfactory economic and social conditions will prevail in the future. Those who had hitherto migrated from the rural areas to the towns now show keenness to remain in the village, because of the C.S. scheme. New sentiments and attitudes are being established among the rural youth through the C.S. which cultivate cultural values of our country in order to wean them away from the towns. New ideas are developing among the persons who got an opportunity to join such schemes, and who earlier had no land for cultivation, none to build a house and none to call their own. Another incentive has been the further allocation of a sum of Rs.1,20,00,000 by the Government to stabilise the C.S. scheme.
- 6.3 The Government has already presented a Co-operative Settlement Act with a view to stabilising the C.S. scheme and the living standards of the participants, and to draw up a programme in keeping with their aspirations as well as national objectives. This Act will help to achieve these goals. It could be expected that the forming of a united front and the legal sanction given to it by the Janawasa Act (Co-operative Settlement Act) will promote the forward march of the Co-operative Settlement Scheme.

Agricultural Planning in Co-operative Janawasas-

Mr. S.D. Unantenne

Director - Land Reform Commission

1. No. of Janawasas : 183 (in 14 districts in the island)

Acreage : About 40,000

Coconut 65%

Rubber 20%

Tea 15%

Membership about 18,000.

2. The agricultural position of the estates before the implementation of the Land Reform Act.

2.1 Cultivation of the main cash crops

2.2 Exploitation by employment of few labourers.

3. Special attention had to be paid on the following important areas in regard to Agricultural Planning

3.1 Situation of the land, nature of the soil, and climate characteristics had to be considered in selection of suitable crops.

(a) Preliminary feasibility

(b) Selection of crops according to soil, nature and climate

3.2 Protection of existing crops and rehabilitation

(a) Fertiliser needs

(b) Agricultural know-how

(c) Obtaining plants and subsidies

3.3 Crop diversification in order to establish the nature of reforms

i. Selection of crops in accordance with the soil, situation of land and climatic conditions by carrying out necessary changes in existing crops.

3.4 Extension of intermediary crops

(a) Selection of crops

(b) Use of composte or artificial fertiliser

3.5 Maximum use of additional labour employee

(a) Introduce livestock farming and agro-based industries

(b) Increase land under intermediary crops

3.6 Careful use of limited capital obtained

(a) Non-receipt of Govt. assistance at the commencement of Janawasas

(b) The available capital at the beginning was loan from Land Reform Commission and Peoples' Bank

3.8 Use of technical knowledge and experience at village level with less conflict

- (a) As the enrolled members are unemployed youths from neighbouring villages and as there is a need for close collaboration between the village level experiencea.
- (b) Use of technical knowledge where necessary.

K/-

Development Council (DDC)  
Agricultural Projects

Present Position : Problems and Future Programme.

Mr. A. Ramanathar  
Asst. Director,  
Ministry of Planning and Economic Affairs.

1. It is important and relevant at the outset to outline the main objectives of the DDC Programme to view the present position, problems and future programme of the DDC agricultural projects.

Objectives :

- (a) " Organising agricultural, industrial, fisheries and other infra-structure projects for obtaining the maximum participation of people in the operation and the management of projects and providing the structure and means for obtaining their participation in planning development work.
- (b) Bringing about a change in the thinking and attitudes of people in order to get their active participation in development to achieve the socialist goals of Government.
- (c) Using the cooperative form of organisation to achieve such participation, in particular -
  - i) providing for common ownership of projects as against private or entire government ownership;
  - ii) providing for sharing of profits by participants who would not be wage earning employees, but full fledged share-holding worker members who are remunerated according to their contribution to production;
  - iii) providing for the management and operation of projects by participants with assistance by Government officials where necessary.
- (d) Achieving national economic development through thousands of cooperative projects distributed all over the Island, particularly in rural areas as compared to large scale projects in the Government or private sector.

- e) Achieving national economic development through the use of our resources, particularly our richest resource, namely our people. In particular, creating the necessary environment for people with special skills and technical know-how to come forward to participate in development projects.
- (f) Using appropriate technology in development work, in particular the revival of and use of traditional and indigenous technologies in contrast to technologies suited to developed countries having quite different cultural and social backgrounds.
- (g) Achieving high levels of employment and production particularly by enrolling school-leavers and youths as participants in projects.
- (h) Reducing the investment per unit of employment to be in keeping with the limited funds for capital investment."

The DDC programme was initiated towards the latter part of 1970 to achieve the above objectives. It made considerable progress since 1972. Table 1 below indicates the number of agricultural projects approved, implemented, amount of funds released, approved acreage, employment target and employment given since 1971 to end of 1975. Among the projects approved and implemented are those for the cultivation of subsidiary food crops, sugar cane, animal husbandry horticulture and floriculture. In the dry zones areas the programme to cultivate subsidiary food crops was executed successfully. Among the crops cultivated are chillies, onions, green gram, tur dhal, sorghum, soya beans and yams. Sugar cane cultivation got a special treatment under this programme. Of the 677 agricultural projects approved as at 31.12.75, the animal husbandry projects are 102 and during 1975 the income earned from the animal husbandry projects amounted to Rs.3,238,454. In horticulture special treatment has been given to pineapple and passion fruit. The area of mushroom cultivation two projects are already under production. In the area of bee keeping 15 pilot projects have been started.

TABLE 1

AGRICULTURAL PROJECTS

<u>Year</u>	<u>No. of projects approved at the end of the year.</u>	<u>No. of projects implemented at the end of the year</u>	<u>Funds released during the year.</u>	<u>Approved acreage at the end of the year.</u>	<u>Employment Target</u>	<u>Employment given</u>
			<u>Rs. cts.</u>	<u>Acres</u>		
1971/72	325	-	6,816,336.00			3,908
1972/73	502	452	6,566,580.03	10,623½	11,256	7,600
1974	681	500	5,324,587.92	16,323½	15,371	9,723
1975	677½	497	2,293,973.66	17,07½	17,504	10,048

\* This excludes the projects that have been closed down.



The income earned by all the Agricultural Projects in 1975 was Rs.12,004,811 of which subsidiary fodd crops contributed Rs.7,158,651 and other crops contributed Rs.1,607,706. This income compares well with the funds invested on these projects. Another interesting feature of these projects is the relatively small capital investment to provide jobs. Table 11 gives the distribution approved Agricultural Projects under the four main classifications District wise.

TABLE II

Approved Agricultural Projects as  
at 31.12.1975

District	Mixed Farms	Animal husbandry	Sugar Cane	Others	Total
Colombo	28	06	06	07	47
Kalutara	18	06	-	03	27
Kandy	13	24	01	01	39
Matale	14	03	-	03	22
Nuwera Eliya	14	01	-	01	16
Galle	18	02	07	02	29
Matara	09	01	02	-	12
Hambantota	25	02	-	02	29
Jaffna	10	01	-	-	11
Mannar	08	01	-	-	09
Vavuniya	21	01	-	-	22
Batticaloa	18	05	-	-	23
Amparai	09	05	02	01	17
Trincomalee	25	02	-	-	29
Kurunagala	38	05	02	01	46
Puttlam	22	01	-	-	23
Anuradhapura	31	03	-	01	35
Polonnaruwa	04	-	-	-	04
Badulla	20	14	81	01	116
Moneragala	10	02	40	-	52
Ratnapura	19	09	18	-	46
Kegalle	15	06	-	02	23
<b>Total</b>	<b>389</b>	<b>102</b>	<b>159</b>	<b>27</b>	<b>677</b>

Table III indicates the production value of the Agricultural Projects under the three main classification district wise during 1975.

TABLE III  
1975 - Production value-Agricultural Projects

District	Mixed Farms	Animal Husbandry	Others	Total
	Rs	Rs	Rs	Rs
Colombo	134383	197497	34030	365910
Kalutara	65736	26447	684	92867
Kandy	108831	2043801	-	2152632
Matale	393459	90887	2700	487046
Nuwera Eliya	64113	-	11200	75313
Galle	66727	-	11054	77781
Matara	25462	-	-	25462
Hambantota	559812	21881	-	581693
Jaffna	278700	-	29490	308190
Mannar	-	-	-	-
Havuniya	96410	-	-	96410
Batticaloa	842515	610049	621	1453185
Amparai	86713	-	-	86713
Trincomalee	840947	76418	21322	938687
Kurunagala	403069	167700	74870	645639
Puttlam	745012	-	-	745012
Anuradhapura	2028344	628	72811	2101783
Polonnaruwa	100868	-	-	100868
Badulla	110892	-	374823	485715
Moneragala	85219	3146	299525	387890
Ratnapura	69072	-	17680	86752
Kegalle	52367	-	656896	709263
<b>Total</b>	<b>7158651</b>	<b>3238454</b>	<b>1607706</b>	<b>12004811</b>

Mixed Farms

This sector covers a variety of agricultural projects for production of subsidiary food crops covering pulses, yams, chillies, onions, and fruits. Almost all of them depend on lift irrigation in the dry zone areas. But the timely provision of lift irrigation facilities is dependent on the capacity of the T.C.E.O to take up the challenge. The inadequacy of the irrigation facilities has in very many cases hampered the cultivation programme being implemented successfully. G.A. has been requested to send up priority lists for items of work relating to the

irrigation facilities in the DDC projects to the TCEO.

2. Land Lay out for irrigated crop cultivation

In most of the dry zone projects attention must be given to make the land suitable for irrigated farming. It would appear that this is an essential step to be taken in the projects. Participants need to be trained on how land should be developed.

3. Cropping system The sequence of crops will have to be divided for each of these projects, and the participants trained in the cultivation of such crops to obtain efficiency in crop management.

4. Water Management There is undue wastage of water by flood irrigation. Training of participants in water management is a vital need.

5. Maintenance of Agricultural Equipment Maintenance of water pumps and other agricultural equipments must be the prime responsibility of the participants. Although some training has been given by the water pumps Agents like M/s. Walker & Co. and M/s. Jinasena & Co., to a few batches of participants in the operation and maintenance of water pumps, yet the present position in regard to maintenance is far from satisfactory.

6. There should be closer co-ordination between the programme of work of the Department of Agriculture and the DDC Agricultural Projects. The Dept. of Agriculture should have Demonstration Plots in each of the projects at least on half an acre of land.

7. In most of the agricultural projects participants have opted to have individual allotments after the development stage was over. As the concept of co-operative or collective farming is something different from the practice that is prevalent outside the immediate environment training of youths to orient their attitudes for social ownership of capital and means of production has to be emphasised. Understanding of the cooperative concepts, group living and aspects of management is very vital for the success of the projects.

8. One of the reasons for the failure and closure of some of the agricultural projects is that member involvement in the development of the projects was weak. This might have been due to a sense of instability felt by the participants due to the short-sighted attitudes of the management, and the lack of leadership in primary and special co-operatives. This happened because there was no suitable organisation to obtain the participation of members. So far the management of the projects has been given either to special co-operatives or primary co-operatives. It was in the second half of 1975 the two fundamental stages were introduced by the formation of a divisional development council for each electorate

with the provision of a representation of youths and in the establishment of a development co-operative for each electorate, for the management all DDC projects in the electorates. These organisations are expected to give the required motivation and ensure participation of youths in the projects.

In the future more projects of mixed farms would be opened where suitable land is available and special attention would be paid to develop the correct attitudes among participants to manage and operate them on a co-operative basis.

#### Sugar Cane Cultivation

This was given special treatment in the DDC programme beginning in 1973, with the rationing of sugar. Table IV gives the acreage approved and acreage planted in the years 1973 to 1975. The employment target of the approved acreage is 3,800 while the employment given as at 31.12.75 was 3,222. The funds released for land development and planting amount to Rs.3,060,581.

#### Profitability of Project

Under rain fed conditions it is assumed that the return per acre is only 10 tons of sugar cane while under irrigated conditions it is 30 tons per acre. Therefore, the return per acre per annum at Rs.600/- per ton is Rs.6,000/-. The programme envisages the cultivation of 8,000 acres with sugar cane in a number of DDC projects and the establishment of 50 industrial units for the manufacture of sugar.

#### Mushroom cultivation

In the area of mushroom cultivation already two production projects are implemented, viz. one at Katana and other at Nawinna. The project at Katana has two huts with 30 beds while the project at Nawinna has 6 huts with 180 beds of which 120 beds are vacant. The expected yield is 630 lbs. Already 100 lbs have been harvested from 20 beds. The main problem is the lack of special skills required by highly specialised activity, of this nature. Secondly it is very sensitive to atmospheric changes like humidity and sun light. There is a Spawn producing unit at Piliyandala yielding 1,000 bottles of Spawn per month catering for all mushroom growers.

TABLE IV  
DDC SUGAR CANE PROJECTS

District	Acreage Approved and planted appr. planted				
	<u>1 9 7 3</u>	<u>1 9 7 4</u>	<u>1 9 7 5</u>	<u>Total</u>	
	Acres	Acres	Acres	Acres	
Badulla	662	2032	655	3349	2035
Monderagala	320	1403	810	2533	2181
Ratnapura	41	60	484	585	264
Galle	-	125	165	290	131
Matara	-	-	100	100	97
Colombo	-	20	75	95	-
Kurunagala	-	-	50	50	-
Kandy	-	-	20	20	-
Kalutara	-	-	15	15	-
Vavuniya	-	-	50	50	-
	<u>1023</u>	<u>3620</u>	<u>2424</u>	<u>7087</u>	<u>4708</u>

Sericulture

Mulberry is cultivated in 5 DDC projects covering 150 acres in Kalutara, Matale and Galle with employment and production targets of 125 persons and 74,500 lbs of cocoons respectively. The value of expected production is estimated to be 745,000 rupees. It is proposed to expand such projects to cover the spinning of silk as well.

Animal husbandry

In the field of animal husbandry 102 projects are approved of which 69 are dairy projects. These projects cover the areas of the hill country, mid country and the coconut triangle. Of the 69 projects 15 projects are to be started with the assistance of the I.D.A. The proposed strength of the 54 dairy projects is 2017 heads of cattle. Of the 54 projects 22 have been implemented with the dairy strength of 531 cows. The approved funds for the 54 dairy projects is in the region of Rs.3,805,635. Of this amount Rs.1,1,758,420 has been released to the projects. Experience has shown that one of the main constraints on the milk production of DDC projects is the non-availability of the adequate number of high yielding cows, for these projects. Arrangements will have to be made to obtain an optimum number of high yielding cows for the projects which are not covered by the I.D.A. Assistance Scheme. A main obstacle to milk production scheme in Sri Lanka has been inadequacy of marketing facilities specially to the small farm in 1971 the Dept. of Agriculture estimated that of the total dairy production of 859,000 pints of milk only 130,000 pints per day were

collected by the milk board. In order to enhance the collection, several milk collecting centres were set up under the DDC programme to collect the milk produced by individual producers, and deliver to the milk board.

#### Poultry and Piggery

There are 30 poultry projects with the target of 25,000 layers and 10,000 broilers of which 5,000 layers and 2,000 broilers are in production. The main constraint in poultry is the feed problem viz non-availability of poultry feed suitable quality. It is envisaged to have 7 piggery projects in the coastal belt in the course of this year. Of the 7 projects 4 are being implemented with 75 breeders and 25 fatteners.

The characteristic feature of DDC projects is well seen in animal husbandry projects namely the integrated nature of projects. Thus a cattle breeding project also covers compost manufacture, processing of milk and even the use of cattle for ploughing and other agricultural operations. The project was started in Kekirawa to rear buffaloes and to hire them (like the hire of tractors) with the plough and an operation, not for the severe drought in last Maha, this project would have turned out to be a remarkable success. In poultry rearing too there would be integrated projects to produce eggs and broiler chickens as well as to produce poultry feed and compost. Several projects would be set up particularly in electorates along the western coast where land in large extent is not readily available for crop production but where ingredients of poultry feed are readily available in wastes from primary co-operatives (waste flour, dried fish, milk foods, etc)

#### General Evaluation

- (1) Selection of youths - This is an important factor for the success of a project. So far the selection procedure resorted to has not been able to guarantee recruitment of the right kind of people. There has been many cases of drop-outs and replacements. These drop-outs are due to a complex of factors such as lack of security, imposed management, lack of self confidence, lack of supervision, unsuitability of temperament for agricultural work, lack of adequate irrigation facilities to have continuous cultivation throughout the years to ensure steady income etc. All these factors are now being looked into in the selection of youths for projects to be implemented.
- (2) Forms of organisation: It is found that collective or group farming has been very conducive to land development and certain agricultural operations which involve a fair amount of interdependency of parti-

participants for achieving economies. Ideology also play a great part making collective farming successful. In other situations there is a mixture of individual and co-operative effort somewhat akin to the service co-operative organisation. Both systems i.e. individual allotments as well as land held in common ownership have worked in practice.

- (3) Management up to first half of 1975 all DDC projects were managed by primary co-operatives or special co-operatives. This type of management was found to be ineffective due to various reasons like lack of experience, in production activities, lack of skills and interest for production activities perhaps due to their pre-occupation with trade and distribution activities. A special co-operative is too small and financially not viable. There was hardly any co-ordination within the Divisional Development Councils and the primary co-operatives in the implementation of projects, as a result there was a tendency for the DDC loose interest and enthusiasm in the project implemented by the co-operative although it was sponsored by the DDC. This led to the re-organisation of the DDC on an electoral basis and the establishment of the development co-operative for each electorate to implement the projects sponsored by the DDC in the electorate. One of the functions of the development co-operatives is to introduce the system of self management in each of the various agricultural projects so that the leadership will emerge from among the participants to take over the responsibilities for the management of the project. This has to be so because government officers will not be in a position to devote adequate and attention with the expansion of the programme.

#### Finance

Since June 1975 all DDC projects are provided only with loan at an interest rate of 3% per annum. However, provision is made to give grants in special cases. The loans are operated by the Peoples' Bank. The repayment period of such loans, the grace period and the amount of instalments to be repaid would vary from project to project. The quantum of loan is determined by the fixed capital costs, minimum working capital requirements and the loan available under the agricultural credit scheme.

#### Training and Services

Technical information and services such as supply of planting material, breeding stock, fertilizers and agro chemicals are given by the Extension Staff of the Dept., of Agriculture. It is felt that the establishment of demonstration plots in as many of these projects could be

a very effective method of imparting scientific agricultural techniques in intensive cultivation. The Development co-operatives are expected to have closer organisational links with the Extension services.

Some projects are quite successful in achieving high income and the targetted employment. Several factors such as selection of participants with an agricultural background in the neighbourhood, suitability of soil and climate for the cultivated high income crops, adequate water resources, well developed land for irrigation made possible by the unstinted co-operation of the territorial civil engineering organisation, commendable assistance and supervision given by the Agricultural Instructor and the personal attention of the Planning Ministry officials at the local level are responsible for the success of these projects. These projects have shown that the youths could get an income very much more than the income of the average wage earner or white collar worker of the urban sector. Also these projects demonstrated that these youths with the agricultural background were well responsive to new and improved methods of cultivation. An indirect effect of these projects has been the growth of similar projects by the people in the neighbourhood.

17.6.76.



National Cooperative Council,  
of Sri Lanka  
in consultation with  
International Cooperative Alliance  
(Regional Office for S.E.Asia)

NATIONAL SEMINAR ON COOPERATIVE FARMING IN SRI LANKA

COOPERATIVE FARMS AND COOPERATIVE CONTRACT FARMING

by

Dr. Tommaso Crudele

ILO Expert attached to Cooperative Management Services Centre  
in Colombo

Colombo, June 1976

The development process of farming is to encounter with difficult and complex problems that are normally the by-products of the struggle between social needs and advanced technological progress. These problems can no longer be solved within the sphere of the family farm or of the fragmented and scattered individual farms. The sphere of free decision in the economic field is becoming more and more restricted; the level and the economic results of the family farming are coming to depend more and more to the social patterns that encompass it.

Organised, concerted action by agricultural producers is therefore a must in the search for more effective solutions to problems common to all for their own interest and for the benefit of the community in general. However looking at collective and individual farming as opposing poles, namely at the theoretical drastic separation between collective farms on the one side and small family farms on the other side, generally we detract attention from the fact that there are many intermediate combinations which tie up the two systems together. Some of the possible combinations are listed here :

- (a) With land individually held whilst planning of production, rehabilitation and new planting, labour inputs or other services are collectively organised.
- (b) With land individually held whilst labour inputs and/or farming services are organised by brigades, teams, groups of families and individuals.
- (c) With land individually held and farmed whilst no-land farming (agriculture, bee-keeping, poultry farming, mushroom cultivation etc) and non-farm activities (home draft, small-scale industrial activities) are collectively organised.
- (d) With land collectively held and farmed whilst each worker has his own home garden or a private field for subsistence production.
- (e) With small farms pooling one or more farming lines (paddy or minor export crops or dairy or vegetables or fruit orchards etc) whilst carrying on privately with other lines.
- (f) With large farms collectively organising the basic farming activities (ploughing, sowing, planting etc) whilst minor works (weeding, harvesting etc) are left to the personal responsibilities on individual parcels.

- (g) With the net surplus of collective farming activities distributed among the members on a per capita basis or according to the labour performed or to both labour and financial contributions (land and/or goods) to capital.
- (h) With the costs of collective services paid by the individual farmers according to the acreage or type of services.

As a matter of fact, if collective systems realise economies of scale, they however have to solve the "dis economies" which lie in special problems of management, occurring when the labour force involved are quite large and neither ideologically nor politically, religiously or individually motivated. Family or individual farming systems on the other side can reach better economic results in terms of production but have to face more complex problems linked to the technological progress. Group farming in the collective systems can sometimes supply the motivation the labour forces need in order to give the best results while grouping of individuals can provide associated management and rational use of the means of production in family farming areas.

In both systems however market access is the key control instrument. In fact those who control the market also control production, either directly or indirectly. That is why the multinational companies, in their exploiting efforts in the agricultural sector, have always linked production to markets either by directly producing (total integration) or contracting with farmers (contractual economy in vertical integration) the agricultural produce they need for their own marketing structure. Any cooperative activity at the horizontal integration stages, that is at the level of producing agricultural output, must therefore learn how to combine the efficiency of producing with the efficiency of processing and marketing. Indeed any cooperative or agricultural institutions representing the vertical integration process can help in organising inputs and outputs commitments, in other words in planning for the setting up of overall objectives, for the determination of specific targets in all the functional areas of management, for the organisation of adequate farm guidance services, for the supplying of all needed inputs for the marketing of graded and eventually processed agricultural produce. Any commitment however is to be set forth in a purchase/marketing agreement which is precisely stated and correctly enforced. This is a written statement of the rights and duties of both parties, the producers horizontally integrated in groups or cooperatives on the one side and the institutions vertically integrated in marketing organizations on the other side. The primary objective of such a "cooperative contract farming scheme"

is to tie together production and marketing decision and to secure delivery of both inputs and outputs. A cooperative contract farming scheme has therefore the following objectives :

- (1) Market planning
- (2) Cultivation planning
- (3) Farm guidance services
- (4) Minimum floor prices guaranteed before season
- (5) Credit facilities in kind
- (6) Payment on delivery of crops
- (7) Payment of dividends from the proceeds
- (8) Establishment of a stabilisation fund for lean years

In fact if farming societies or groups know what basic prices to expect for each season from their sales and can count on net profits from the proceeds of the sales collectively done by a second-tier cooperative marketing organisation, they are able to plan their crops and needed inputs, achieve better income, pay a bonus to the farmer members and employees concerned and set up a price stabilisation fund for the lean years. If a second-tier cooperative marketing organisation knows what deliveries to expect from producing members and can count on them, it is able to plan accordingly a purchase/marketing programme and adequate farm guidance services, which will ultimately result in achieving better economic results and providing sufficient surplus for infrastructural development.

#### contract

The cooperative farming systems was successfully experimented in Sri Lanka. In 1975 with the technical assistance of the Cooperative Management Services Centre (an ILO/SIDA supported project) in Kandy district (Idamagama, Wattegama and Elamalpotha) producing area for minor export crops (pepper, cloves, nutmeg, and mace). The final prices paid by the local cooperative societies to the producers who had signed contracts before season resulted on the average 40% higher than the local prices paid by the traditional buyers. These results were possible since Markfed, a Cooperative Marketing Federation, was able to organise a main order system and sales to tourists of gift packs containing an assortment of spices. Thousands of these packs are now travelling everywhere in the world reaching a promising market for Sri Lanka's spices. The contract farming scheme is now being extended to other districts in order to include the entire range of spices produced or available in the island. Vegetable growing areas are also under consideration by Markfed for an expansion of the contract to new products.

Markfed is an apex marketing organisation registered under the Cooperative Ordinance Act No.7 of 1911; its membershi consists of 350 cooperative societies and its objectives are to facilitate cooperative marketing in the Island and aborad.

ANNEX A

CONTRACT FARMING CUM FARM GUIDANCE

Phase 1

1. Producers interested in improving their crops and sales, grouped together either in cooperative farms or in informal commodity groups, meet at lease once a month to discuss their problems with the extension officer from the Ministry of Agriculture, with the Farm guidance officers from their Cooperative marketing society, with the Inspector of the Department of Cooperative Development, with the Member guidance officer from the National Cooperative Council.
2. The producers, through their group or cooperative societies sign with their cooperative marketing societies an agreement to grow and dispose of all or part of their produce to the same marketing societies in a pre-established period (season, year or term-period). The agreement provides for :
  - a. floor prices for estimated quantities of the single crops
  - b. payment of floor prices at the time of delivery of crops
  - c. second payment from the net profits of all sales at the end of the established period.
  - d. credit facilities (fertilisers, seeds and other agricultural inputs) from the marketing society to the producers up to 1/3 of the estimated value of the contracted crops.
  - e. the marketing society to give producers priority for purchase of any other produce they cultivate which was not included in the pre-seasonal marketing agreement.
  - f. thr marketing society to help producers in obtaining Government subsidies and bank loans.
  - g. the marketing society to supply producers with farm guidance.
  - h. the producers groups or cooperative farms to establish a stabilisation fund for lean years or falling market prices.

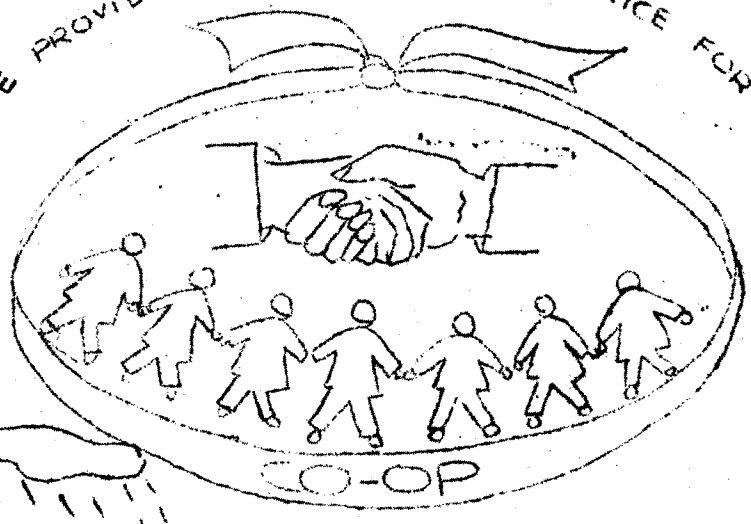
Phase II

1. Producers get fertilisers and other inputs from marketing society.
2. Producers meet frequently to discuss their problems.
3. Producers deliver their cured and graded crops to the marketing society and receive first payment (floor prices).
4. The marketing society, after up-grading bulking and packing operations, organises its sales on local and foreign markets.

Phase III

1. Marketing society earns gross profits on the markets both local and foreign through bulk sales and appropriate part of the 'added value' through direct packing and direct sales.
2. Marketing societies from the net proceeds of the sales makes at the end of the established period, a supplementary payment to the producers as dividends on deliveries.
3. Producers groups determine the percentage of the proceeds to go to the price stabilisation fund and, after deducting their costs distribute the net proceeds among the farmers as dividends.

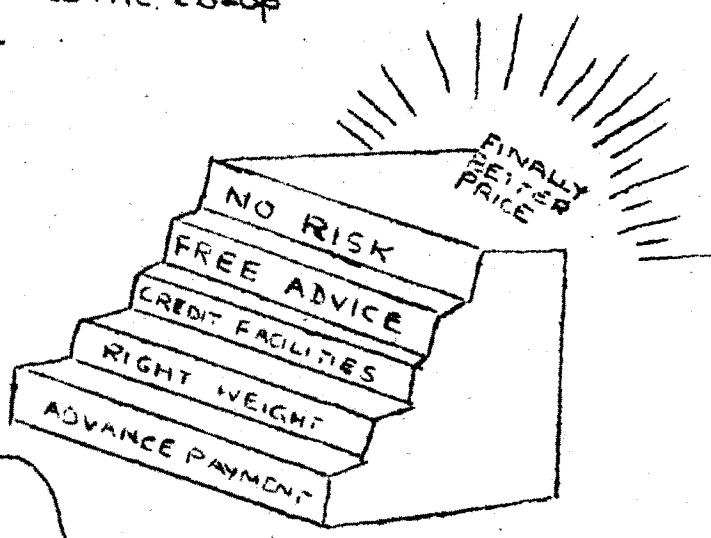
THE CO-OPERATIVE PROVIDES FOR A BETTER PRICE FOR YOUR CROPS



"I have sold my crops to the co-op"



"I have sold my crops to traditional buyers"



CO-OPERATIVE CONTRACT FARMING OF MINOR  
EXPORT CROPS

Preamble:

This Agreement, aims at achieving the following social and Economic Objectives:-

- (1) To strengthen the relations between the Sri Lanka Co-operative Marketing Federation and ..... through a Co-operative Contract Farming System, namely systematic marketing and Planning in Terms of Production, Credit, Supplies and other Inputs.
- (2) To ensure Steady and eventually better Prices to Minor Export Crops collected by ..... through the Provision of Finances, Supplies and other Inputs, Collective Sales of Net Proceeds.
- (3) To improve the Marketing Intelligence, the Marketing Structure and the Farm-guidance Services of the Sri Lanka Co-operative Marketing Federation, in the interest of the entire Agricultural movement.

AGREEMENT

This Agreement made and entered into between the Sri Lanka Co-operative Marketing Federation Ltd., of 127, Grandpass Road, Colombo 14, hereinafter called and referred to as the 'MARKFED' and that the Term 'MARKFED' shall where the context so requires or admits mean and include the Sri Lanka Co-operative Marketing Federation Ltd., and its successors in Office of the one part and ..... hereinafter called and referred to as the 'SOCIETY' and that the term 'SOCIETY' shall where the context so requires or admits mean and include the said ..... and its successors in office.



WITNESSETH:-

(1) Whereas the 'Markfed', namely the Sri Lanka Co-operative Marketing Federation undertakes to:-

- (a) Supply the 'SOCIETY' with Fertilizers, Agro-chemicals, Implements and other Agricultural Inputs within a Credit line of a Maximum of 1/3rd of the value of the Estimated Collection by the Society of the Minor Export Crops under this Contract, the value to be calculated on the basis of the Advance Prices which are part and parcel of the present agreement, vide Appendix 'A'.
- (b) Provide the 'SOCIETY' with the Guidance, Advice and all Instructions as and when necessary for the Planting, Curing, Processing, Grading and collection of the Crops.
- (c) Wherever possible and feasible purchase from the 'SOCIETY' and other produce collected by the 'SOCIETY' according to a programme agreed upon with the 'MARKFED'.
- (d) Purchase from the 'SOCIETY' the Crops hereinafter listed under 2 (a) and pay to the 'SOCIETY' an advance (Floor Price) as from Appendix 'A' which is part parcel of the present Agreement.
- (e) Make the final payment to the 'SOCIETY' (within one month after the end of the Contract) after ascertaining the surplus on the total sales of the consignments of the particular Minor Export Crop, and after deducting loans given in cash and kind by way of Inputs such as Fertilizer Chemicals etc., and the interest thereon and the Cost of Services rendered by the 'MARKFED', and all expenses including selling and administrative expenses.
- (f) Train the 'SOCIETY' personnel in curing and grading the produce according to the specifications of the Sri Lanka Bureau of Standards as and when requested so to do by the 'SOCIETY'.
- (g) Pay the 'SOCIETY' (within one month after the end of the contract) a Commission of 5% (five per cent) on the total payments made to the Society, to cover society's costs for collection, up-grading, bulking and transportation.

(2) The 'SOCIETY' Agrees to:-

- (a) Collect from Farmers and deliver to the 'Markfed' Colombo on a consignment basis, the following Quantities:-

- ..... Lb/Kg of Cloves.
- ..... Lb/Kg of Black Pepper
- ..... Lb/Kg of White Pepper
- ..... Lb/Kg of Nutmeg
- ..... Lb/Kg of Mace
- ..... Lb/Kg of Cinnamon
- ..... Lb/Kg of Cocoa
- ..... Lb/Kg of Coffee
- ..... Lb/Kg of Arecanut
- ..... Lb/Kg Khaduru
- ..... Lb/Kg Dry Ginger
- ..... Lb/Kg of Vanilla
- ..... Lb/Kg Cardamom
- ..... Lb/Kg of Arecanut Husks.

Except that the 'Society ' satisfies the General Manager of the 'Markfed' that the weather conditions and other factors were not conducive to such collection.

- (b) Supply the 'Markfed' Minor Export Crops conform to the specifications set by the Sri Lanka Bureau of Standards on 'Markfed'.
- (c) Cure, Grade and Store all such produce according to the advice tendered by the 'Markfed' and the Sri Lanka Bureau of Standards. Instructions on proper storing are contained in appendix 'B' which is part and parcel of the present agreement.
- (d) At the time of delivery of crops to the 'Markfed' where such grading has not been done according to the specifications of the Sri Lanka Bureau of Standards and the advice of the 'Markfed'.
- (e) Permit the 'Markfed' to recover all dues from the 'Society' in respect of any loans in cash or kind by way of inputs such as fertilizers, Chemicals etc., and all expenses, including selling and administrative Expenses.

It is jointly agreed between the parties:-

- (a) To stand this agreement shall be in force for ..... months commencing from this ..... day of ..... 197.. and close on the ..... day of .....197...
- (b) That in the event if either party wishing to terminate this agreement before maturity it shall be done by either party giving one calender month's notice to the other party and all

accounts and dues shall be settled by the 'Markfed' or the 'Society' as the case may be within one month of the termination of this agreement.

That in the event of any disputes between the parties in respect of this agreement such disputes shall be referred to the Commissioner of Cooperative Development for decision under section 58 of the Co-operative Societies Law No: 5 of 1972.

In witness thereof the 'Markfed' and the 'Society' have set their respective signature hereto and to another of the same tenor and date at ..... on this ..... day of ..... 197...

(Sri Lanka Co-operative Marketing Federation Ltd) (.....)

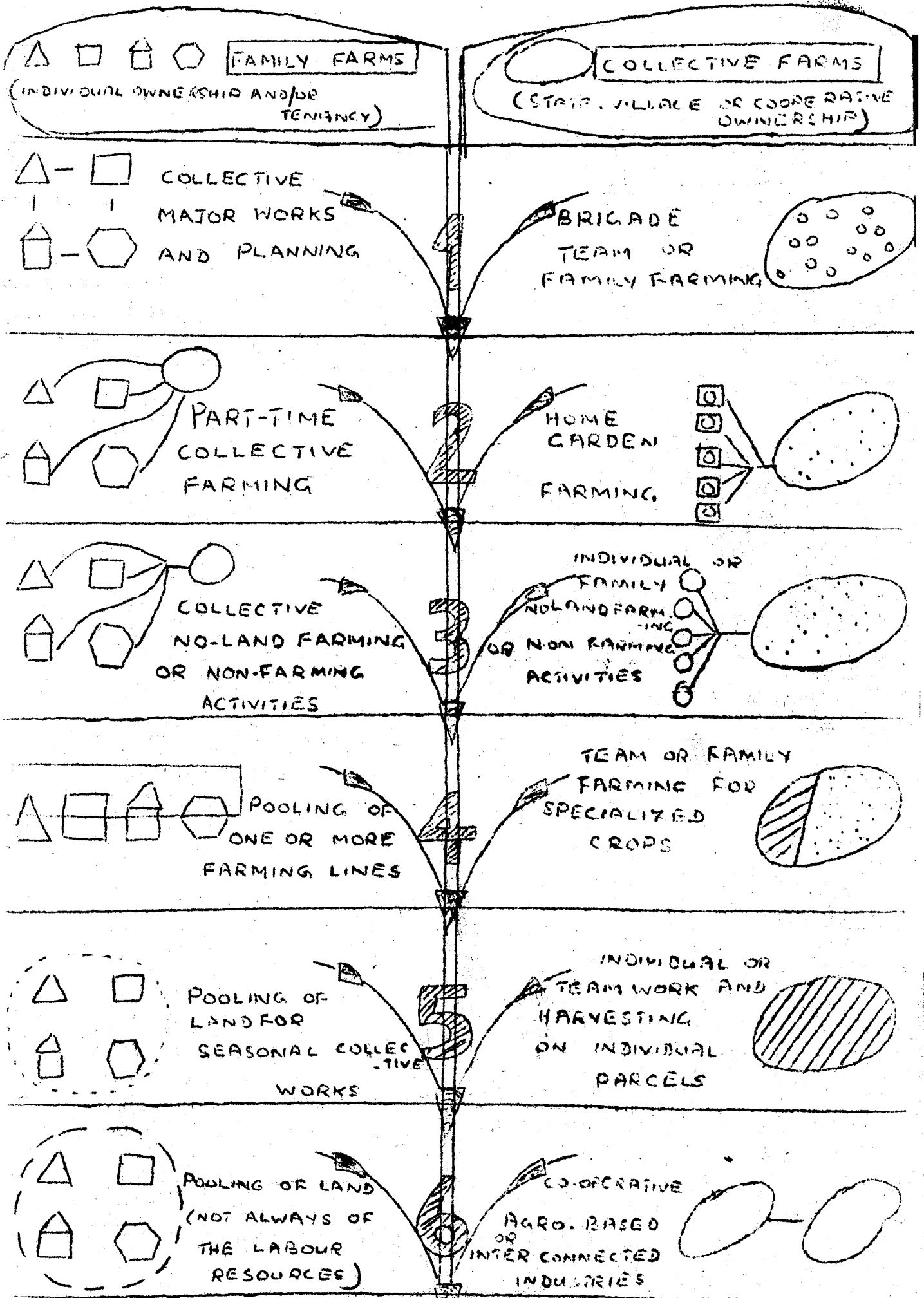
.....  
Signature of General Manager  
or Export Manager.

.....  
(1) Signature of President.

(2) .....  
Signature of General  
Manager.

# ACTUAL TRENDS

ANNEX B



# GROUP FARMING

## CO-OPERATIVE FARM MANAGEMENT

by - Mr. M.D.K. Jayawardena  
Consultant - Agriculture  
Cooperative Management Services Centre,  
127, Grandpass Road, Colombo 14.

### Definition and Scope

Co-operative Farm Management is defined as the art and science of combining the available resources such as Land, Labour, Capital and Management in the most efficient way to maximise profits from collective or individual farming enterprises under the guidance of a cooperative society.

When considering the subject of Co-operative Farm Management one has to consider both collective farming operations and individual farming operations under the guidance of production or service co-operatives.

The concept of Farm Management in general, is a relatively new idea for the peasant sector in this country, but it received great emphasis in the highly organised plantation sector from its very inception.

The Agency houses which managed the major share of Tea and Rubber Estates emphasised the need for Management and were adequately compensated by way of increased returns on investment. Even state organisations such as the State Plantations Corporation and the newly established Janata Estates Development Board (Janawasama) have continued the earlier practice with slight modifications like worker participation in management.

The success of the plantation sector in Estate Management can be attributed to a number of factors such as -

- (1) Having clear objectives and setting out targets accordingly,
- (2) Constant review of performance against targets.
- (3) Timely follow up actions.
- (4) Feed back information estates receive from agency houses, brokering firms, dealers and research institutes.
- (5) Regular guidance received from specialists such as the visiting agents.

In contrast to the Estate sector member farmers of multipurpose and service co-operatives have received very little attention on scientific farm management from their respective co-operatives.

Some of the lands that came under the Land Reform Commission have now been converted to Janawasas (Collective Farming Enterprises) with an emphasis on crop diversification. The Management of such co-operative farming enterprises is now in the hand of the members. In other words the management has now been broad based. Especially under such situations it is vital that scientific co-operative farm management be practised in order to maximise returns to the members and also to prove that farming is a profitable venture in comparison to other types of employment.

## 2. Essential Ingredients for Co-operative Farm Management

### 2.1 Planning :

Whether it may be individual member farmers or a collective group, planning has to be given the highest priority. It is extremely necessary to plan what, when and how much to produce so that the demand can be equated to supply in order that member farmers receive the highest price for their produce.

To assess the marketing situation one has to carefully study in depth several factors such as the demand and supply position with regard to farm produce for past few years, the future trends and other relevant marketing information. If every individual co-operative society or settlement is to undertake this type of activity it is no doubt going to be a waste of resources. It is therefore essential for successful cooperative farm management that there should be central planning by a cooperative agricultural apex organisation.

A Cooperative Agricultural Apex Organisation should be in a position to supply relevant information to Cooperative Societies and settlements and advise them on what, when and how much to produce so that there would be no problem in marketing of the produce. Central planning will facilitate the Co-operative Agricultural Apex Organisation to plan out the input requirements for its member societies and co-operative settlements and also to plan its marketing strategy.

On the basis of guidance received from the Agricultural Apex Organisation the co-operative society can draw up its total farm plan. The Farm Plan would spell out in detail the crops to be grown and acreage livestock to be reared and their numbers, and farm input requirements such as seeds, planting material, fertilisers Agrochemicals, spraying equipment and farm implements that are to be stocked. In the case of a co-operative **farming** enterprise or settlement the information received from the Co-operative Agricultural Apex Organisation must be placed before the membership or the sub committee on planning and a suitable farm plan be drawn. It is better to obtain a number of Farm Plans combining the resources in different ratios allocating crops and livestock in different ratios and showing the cost of production and net returns and then obtain the acceptance of membership to the farm plan which gives the highest return.

It is even essential in a multipurpose or production co-operative that the farm guidance officers work out individual farm plans for its members and show them the cost and returns so as to create an interest amongst them.

Whether it be a co-operative farming enterprise or a settlement or an individual member farmer, a farm budget based on the Farm Plan must be drawn. The Farm Guidance Officers of the society may assist the membership in drawing up farm budgets. In a co-operative farming enterprise or settlement the members themselves may draw up the farm budget.

For individual member farmers the basis of granting cultivation loans should be their farm plans and farm budgets. The Farm guidance division of the society and the farm planning divisions must carefully examine the farm plan and farm budget to assess the possibility of ensuring the member farmers the highest returns from farming and also to recover the loans. The individual member farmer's farm plan and budget **must fit** into the total farm plan and budget of the society. Sometimes certain modifications may be necessary to the farm plan and accordingly to the farm budget of the member farmers. In such instances it should be the duty of the farm guidance officers of the society to provide such advice and convince the farmers

In the case of a co-operative farming enterprise or settlement the farm plan and budget would be valuable document for obtaining loans from a commercial bank or even from a rural bank of a co-operative society. A proper study of the farm plan and budget must be done by the bank or the society officials before the release of the loan.

2.2

### Organisation

In a co-operative farming enterprise or settlement organisation is an extremely important concept. The members must be grouped or formed in to sub-committees to carry out the task, according to the farm plan and execute the work. Each group/sub committee could elect its own leader. The most common sub-committees found are for finances, procurement, farming based on crops/animals, marketing of produce etc. Each of these sub committees have different tasks and responsibilities. For example sub committee on procurement should ensure that timely supplies are available of all farm inputs. In Janawasas delegation of duties to different sub-committees have proved to be a success.

In the case of individual member farmers the entire responsibility of organisation falls on the member farmer and his family. The member farmer must organise the planting and harvesting programmes according to schedule. Experience in the paddy farming areas has shown that there is mutual help for member farmers to undertake these tasks according to schedule.

The co-operative society has also to pay careful attention to organisation. If the society is to play a vital role in assisting its member farmers to increase their returns then the working of the society should be well organised. At least the farm inputs section, farm produce marketing section and the farm guidance section of the society must be managed by capable, trained managers under the guidance of the general manager or the agricultural and credit manager. The co-operative society must be in a position to provide the necessary farm inputs, marketing and guidance services as and when required to the complete satisfaction of its member farmers.

### 2.3 Instruction

In a co-operative collective farming enterprise the Executive committee elected from the Membership must ensure that decisions made in regard to farming or marketing are carried out by the members. It is important that sub-committees elected should report to the Executive Committee at least once in two weeks on the progress so far made and the Executive Committee in turn furnish these details



to the General Membership.

If the decisions are not implemented the Executive Committee must analyse the reasons for the failure and it is left for the General membership of the Co-operative collective farming enterprise to find out the solutions.

In the case of individual member farmers the society member guidance officers must ensure that the member farmers operations are carried out according to the farm plans. This is especially true if the co-operative society has given out loans to the member farmers for farming operations. In our country the general tendency for a co-operative society is to forget the member farmers once the loans are granted. The entire burden of repaying the loan back to the co-operative society falls on the shoulders of the member farmers. It is essential that credit granted be supervised from planting to harvest so that recovery of loans could be made.

The General Manager or the Agricultural Manager of the co-operative society should ensure that the necessary inputs are available at the main stores or branches and implement the other general policies laid down by the board of directors of the society.

#### 2.4 Control

Control refers to the setting up of standards, the regular comparisons of physical events with them and taking of corrective action.

In a co-operative collective farm the general body should decide on the overall annual farm plan and accordingly draw up the targets based on the annual plan. The targets set for the year must be broken down to weekly and monthly targets and at the sub-committee meetings the achievement must be compared against the targets. If the target has not been achieved it is left for the general membership to analyse the reasons and accordingly adjust the targets.

In the case of individual member farmers attached to a co-operative society the role of farm guidance officers in the concept of control become extremely necessary. The farm guidance officers are able to assess the work done by member farmers in relation to their farm plans. This information is extremely vital for the co-operative society as the input procurement and marketing plan of the co-operative society is completely based on the total farm plans of the member farmers.

The co-operative society must ensure that farm inputs are available to the member farmers at the right times in right quantities. The co-operative society orders the farm inputs in relation to the total farm plans and if the member farmers do not farm according to the farm plans that have been approved, the capital of the co-operative society will be tied up in farm inputs. Chemical fertiliser and agrochemicals not used in time might get spoilt and go waste. Similarly the marketing plan of the co-operative society might be disorganised. However if the correct information regarding targets and work done are known in advance, the co-operative society might be able to take corrective action.

## 2.5

### Co-ordination

This refers to the unification of efforts and ensuring that all activities of the farm are in pursuance of the same policies. In a co-operative collective farm this is most important as there would be a number of sub-committees set up for different functions such as farm planning, finances, procurements etc. These sub-committees must not work as water tight compartments but there should be smooth co-ordination between them. The function of co-ordination between the sub-committees must be also co-ordination between other external agencies like the agricultural department, multipurpose co-operative society, the bank and the Marketing Department. Greater the degree of co-ordination, greater would be the success of the enterprise.

In the case of member farmers of a co-operative society there must be co-ordination of activities between the member farmers themselves. Sometimes it might be necessary for the member farmers to use the common facilities like spraying equipment or tractors, provided by the co-operative society or some times it becomes necessary to have mutual help of other member farmers for operations like harvesting.

The activities of the co-operative society must also be co-ordinated to achieve maximum results. The different departments of the society must co-ordinate with each other. The general manager of the co-operative society must be responsible for the co-ordination of activities within the society and also with other external organisations such as the department of Agricultural Apex Organisations, Bank etc.

## 2.6 Communication

This is concerned with the transfer of information between different people.

In a co-operative collective farm, the general meeting of the members provide an excellent opportunity for discussion and exchange of ideas between the members. When individual member farmers are associated with a society the formation of commodity groups at base level provide the opportunity for exchange of views and ideas. During these commodity group meetings the society's farm guidance services can be employed to assist the member farmers for communication with outside agencies. The farm guidance service would also provide a media for communication of views between the members and the co-operative society management.

## 2.7 Motivation

This refers to the driving force behind actions. The members of a co-operative collective farm or a society must be motivated to get the best out of themselves. In a country like ours there must be economic motivation where as in some other countries there can be ideological motivation.

3. The essential ingredients of co-operative farm management cannot be considered individually. They reinforce each other and are intermixed and indistinguishable.

COOPERATIVE FARM - PLANNING

by

R. G. G. O. GUNASEKERA

Chairman

Cooperative Management Services Centre

SEMINAR ON COOPERATIVE FARMING

15 - 20 June 1976

NATIONAL COOPERATIVE COUNCIL OF

SRI LANKA

## COOPERATIVE FARM - PLANNING

### Introduction

#### Importance of Planning

- External - the need to assure success of the cooperative farming concept as the great majority of land is on individual ownership
- the new land under the Mahaveli diversion scheme is alienated largely on an individual basis
- Internal - economic success essential to retain interest of youth
- members need assurance of growth to gain confidence
- returns should match the expectations of the membership

All these require realistic planning.

#### 2. Definition of terms

- Target - what one wants to achieve
- Forecast - what one expects to achieve
- Plan - a carefully considered set of decisions designed to achieve something that would not otherwise be achieved.

### 3. 1st step in the Planning Process

- identify organisation's objective/s

#### 3.1 Different objectives at different levels

- Personal objectives
- Group objectives
- Government objectives
- Economic objectives
- Social objectives etc

#### 3.2 Possible conflict of objectives

- Government objective/Society objective
- Social objective/Economic objective
- Personal objective/Group objective/Corporate or Society objective

#### 3.3 Need to have a common set of objectives in quantifiable terms

- vagueness of objectives means vagueness of plans

#### 3.4 Need to identify the key objectives of the organisation

- 'Growth'
- what is the desirable rate of growth, the expected rate of growth and the planned rate of growth
- Quantification of growth eg. increase in the earnings per member
- Once this is quantified the organisation should search for the strategy by which it could be achieved.

4 2nd step - know one's organisation

4.1 Start with the key factors and make an appraisal

Being a cooperative farm consider

a) Human Resources

- adequacy
- skills
- training and education
- attitudes

b) Land Resources

- water supply
- soil
- climate
- terrain

c) Financial Resources

- availability of funds
- how much
- what basis
- adequacy
- future funds

4.2 Make an appraisal of the organisation being a cooperative farm

- present earnings per member
- present income per acre
- leadership in management
- cohesiveness of group

4.3 K N O W

- Your Strengths
- Your Weaknesses and
- Your limitations

4.4 Is/Are your objective/s attainable or are modifications necessary

## 5. 3 rd step - Know your environment

Identify those factors of the environment which affect the organisation in the case of a cooperative farm.

### 5.1 Political

- changes in government policy regarding
  - land
  - agriculture
  - imports and exports
- new laws
- new institutions

### 5.2 Economic

- general economic trends - national
- market factors
  - price trends
  - trade agreements
  - import substitution
- product trends
  - national
  - international

how it could affect decisions regarding crop diversification

### 5.3 Your own location

- developments in the vicinity eg. growth of new townships
- transport availability
- accessibility
- markets



5.4 The changes in the environment would either

- (i) provide new opportunities
- or
- (2) provide threats to the organisation

- Many of the environmental factors are beyond the control of the organisation but future planning done without proper consideration of these factors would result in falling short of the organisational objective/s and creating problems for the organisation.

5.5 Role of a national or cooperative Apex organisation

- (1) providing information
- (2) price stabilisation by
  - a) influencing the market
  - b) price stabilisation funds
  - c) contract farming
- (3) maximising benefits of new opportunities and minimising the ill effects of threats.

6. 4 th step

After making adjustments, if necessary, to the key objective/s of the organisation

Analyse the gaps and shortfalls in realising your objective/s in the light of

- (a) the appraisal of your own organisation
- (b) the appraisal of the environment

contd...

What is the total shortfall and analyse it .

eg. in a cooperative farm

- one could take each crop and compare with normal production norms in the area and ask the questions

- Are there shortfalls ?
- What are the causes for the shortfalls ?
- Are they within the control of the organisation ?

Also one could take the personal average income per acre and raise such questions as

- Is it adequate?
- If not what are the causes for low returns ?

7. 5 th step - Evaluation of alternatives and the choice of goals

Examine

1) alternatives in utilisation of land

- Perennial crops

- coconut
- fruits like mangoes
- spices like cloves, nutmeg

- Seasonal crops

- fruits - pineapple ?  
- passion fruits?
- vegetables - bananas ?
- root crops

contd.

- animal husbandry
  - dairying
    - market/consumption
    - how many heads of cattle
- others
  - agriculture
  - floriculture
  - agro based industry

What extents ?

What are the expected returns ?

Could there be a better use ?

2) alternatives in utilisation of human resources.

- how many man days are available
- what crops give the highest return on labour utilised

3) alternatives in utilisation of capital

- calculate in a rudimentary manner at least the return on each investment
- improving present crops / diversification/ multiple cropping/ mixed farming/ small industries

and

Choose the best set among the alternatives.

and then

Prepare

- 1) Land use plan
- 2) Man power plan
- 3) Capital investment plan

8. 6th step

Determine the sub unit goals

- this is required crop wise in a cooperative farm
- what is the contribution expected from each crop

Draw up Operational plans

- yearly
- monthly
- weekly

9. 7 th step

Feed back

Control

Monitoring progress

Adjustment of plan according to actual performance

10. Conclusion and summary

The diagram consists of a large outer rectangle. Inside this rectangle, there are five smaller, empty rectangular boxes. One box is positioned at the top center. Below it, there is a horizontal row of four boxes. At the bottom center, there is a single box. All boxes are empty and intended for participants to fill in.

To be completed with the participants.

## COOPERATIVE FARMING IN POLAND

\* Dr. Z. Juchmiewicz

### I N T R O D U C T I O N

I have very often been asked why we have a central planned economy and socialist relations in Poland, while over 75% of the cultivated land belongs to the private farm-holders (owners). The shortest answer is because we have a wide system of cooperatives in the rural sector, and the agricultural and rural population is connected with the central planned economy through cooperative channels. The Polish solution differs from the approach adopted in other socialist countries. To understand the essential character of these differences we should start with some basic facts and figures regarding Poland as a whole.

### BASIC FACTS AND FIGURES

From a geographical point of view, Poland is situated in Central Europe between the USSR on the East, the German Democratic Republic on the West, and the Socialist Czechoslovak Republic on the South. The Baltic Sea forms the Polish border to the North, and on the other side of this, Sweden and the other Scandinavian countries are Poland's neighbours.

Poland occupies 312,000 square kilometers; i.e. Poland is the sixth largest country in Europe, excluding the USSR, following France, Spain, Sweden, Finland and Norway.

Its population numbered 34 million in 1975.

Administratively, Poland is divided into 49 voivodship and nearly 2,400 communities. There are 836 towns in which 54.6% of the population live. The administrative system is simple, as a two-stage administrative structure was introduced not long ago, in 1975.

The climate is moderate with an average temperature of 8 degrees Centigrade. During the Winter, snow and frost cover the major part of the country. Poland is mainly lowland: mountains cover a small part of the territory, and are all on the southern border. Forests account for 27% of the area, and over 50% is arable land.

Poland's natural resources are coal, copper, sulphur and salt, of which coal is the most important. In 1974, coal output was 162 million metric tons, which means that Poland is the fourth largest producer of coal in the world. The salt deposits are very large, and natural gas discovered recently.

Some facts from Polish history will help us to understand the character of the Polish nation, which was an independent state for over 1000 years. During this entire period of history, there were times of great glory, and also those of decay. Between 1795(?) and 1918, Poland lost its political independence. Its territory was partitioned amongst its neighbours, and during the partition period, economic and cultural development declined or even ceased. One can easily imagine that the First World War not only resulted in independence, but also in gigantic damage, because Polish land formed the battle field.

The Second World War brought perhaps greater damage and loss to economic life, as about 6 million people (20% of the population) were killed during the Second World War, mainly in concentration camps, and some in direct warfare. In relationship to the total population, the Polish nation suffered the greatest loss in the whole world during the War. It is enough to say that the capital of Poland, Warsaw, with a population of 1,300,000 was completely destroyed, and 75% of the buildings were turned into ruins. Two-thirds of the industrial workshops, electrical engineering plants, rolling mills etc., were devastated; over 350,000 farms were raised to the ground; more than 75% of cattle and pigs killed; and one million hectares of forest felled.

Experts from many countries did not believe that Poland would be able to rise from the ashes and ruins and restore her economy. However, now Polish towns and villages have been rebuilt and have expanded. The economy as a whole, with regard to its development, occupies 10th place in the world in terms of total industrial output. Table No.1 illustrates the most characteristic figures:

INDUSTRIAL GOODS	UNITS	1938	1971	1973
Electric power	thous. mil kWh	4.0	69.9	84.4
Crude steel	mil. tons	1.4	12.7	14.5
Metal working machine tools	thous. pieces	4.3	33.1	36.3*
Cement	mil. tons	1.7	13.1	15.5
Cotton fabrics	mil. meters	288.0	904.0	901.0
Woollen fabrics	mil. meters	30.7	98.6	107.0
Sugar	thous. tons	491.0	1,575.0	1,845.0*

\* Data from 1972

This fast progress was achieved because the workers, peasants and all democratic elements came to power after the Second World War, and thus the fast process of social and economic transformation within the framework of socialist ideas began.

AGRICULTURE

(a) Structure

The first step of the new people's authority was progressive agrarian reform in 1944 and 1945. The landlords' estates were divided among the workers employed on these estates and amongst the poor farmers without any land at all, or who owned only very small amounts of land. The maximum amount of land which could be owned by one family is 50 ha, and in some regions where the density of population is low, 100 ha.

After 30 years, the area cultivated by different forms of ownership is characterised by the figures shown in Table No.2.

TABLE NUMBER 2. Cultivated area by forms of ownership in 1974

SPECIFICATION	Total	SOCIALISED ECONOMY			Private agricultural holdings
		total	state agricultural holdings	of which cooperative farms	
PERCENTAGE					
Total area	1000	46.6	12.3	1.0	53.4
of which agricultural land	1000	25.1	16.2	1.4	74.9
of which arable land	1000	23.2	15.8	1.5	76.8

shows

The large number of small farms/that this is the main feature of Polish agricultural structure; however, the size of the individual farms has a tendency to increase. Table 3 shows the number of farms according to their size:

TABLE NUMBER 3 PRIVATE AGRICULTURAL HOLDINGS

YEARS	Total	Holdings with total areas in ha					
		less 0.5	0.5-2	2-5	5 - 7	7 - 10	10 and more
		Percentage					
Total - Holdings 1974 -	100.0	15.1	24.1	26.3	11.6	11.5	11.2
Total area of agricultural land	100.00	0.6	6.5	20.6	16.1	22.0	34.2

The total number of individual farms is approximately 3 and a half million. You can see that the majority of farms, i.e., 65.5%, cultivate under 5 ha, but the land used by farms amounting to 72.3% belongs to farms which are over 5 ha. Table No 4 below shows the general use of the land: TABLE NUMBER 4. LAND USE BY VOIVODSHIP

SPECIFICATION	Total area	of which agricultural land					forests
		total	arable land	orchards	meadows	pastures	
		in thous. hectares					
of which land state-owned	13,112.0	3,364.8	2436.9	26.1	495.1	406.1	7,034.7
of which state agricultural holdings	3,866.8	3203.2	2373.7	24.3	448.8	356.4	149.2
cooperative farms	316.6	287.6	225.4	2.8	35.9	23.5	10.7
private agricultural holdings	17,669.5	15,449.5	12,000.3	284.5	1,976.1	1188.6	1,523.2

According to Table No.4, the second sector in agriculture, i.e. state holdings, owns most of the forest land. The state's forest estates are four times larger than those owned privately and cooperatively. However, private farms own the largest share of arable land, i.e., six times more than state and cooperative farms.

(b) Production

Poland's share of the world's agricultural production is estimated at being 2.4%. Livestock forms the basis of agricultural production



and the value of this kind of production in 1974 accounted for as much as 66.9% of the total agricultural output. Pig breeding is the mainstay of livestock production: the number of pigs amounted to 21 million heads in 1974 which was one of the largest amounts in the world. Only USA, USSR, People's Republic of China, Brazil and Federal Republic of Germany had more pigs. Some figures concerned with the livestock and products of animal origin are submitted under Table No. 5 and 6:

TABLE NUMBER 5. LIVESTOCK

Specification	Cattle		Pigs		sheep	horses
	total	of which cows	total	of which sows		
TOTAL in thousand heads:						
State agricultural holdings	2421.9	652.4	2815.1	158.3	583.3	53.0
Cooperative farms	239.9	57.3	339.6	26.9	51.3	4.5
Private agricultural holdings	11312.1	5525.3	17992.2	2030.3	2364.3	2254.3
Total per 100 hectares of agricultural land heads:						
State agricultural holdings	74.6	20.2	74.2	4.9	18.0	1.5
Cooperative farms	83.4	19.9	118.1	9.3	17.9	1.6
Private agricultural holdings	66.7	35.8	116.5	13.1	15.3	14.6

TABLE NUMBER 6

PRODUCTION OF PRINCIPAL PRODUCTS OF ANIMAL ORIGIN

SPECIFICATION	1960	1965	1970	1971	1972	1973	1974
	<u>Total</u>						
Meat and offal in thous.	1956	2015	2187	2215	2485	2735	3072
meat: beef	236	345	465	456	439	478	636
veal	98	88	82	73	61	61	70
pork	1177	1306	1279	1313	1590	11771	1888
poultry	62	89	128	139	159	181	201
other	74	53	78	81	78	75	90
offal	109	134	155	153	158	169	191
Milk in milliard litres	12.1	12.9	14.5	14.7	15.3	15.8	16.3
Eggs in mill numbers	5589	6264	6941	7080	7475	7437	7865
Wool in t	9042	7500	8939	9063	8963	8634	8970
Catches of fresh-water fish in thous.	19	21	22	23	27	29	29
	per 100 hectares of Agricultural Land						
Meat and offal in q	86.0	102.6	111.9	113.5	128.3	151.5	159.5
Milk in thous. l	59.4	65.9	74.2	75.3	78.9	81.5	84.5
Eggs in thous. numbers	27.4	31.9	35.5	36.3	38.6	38.5	40.8
Wooling	44.3	38.2	45.7	46.5	46.3	44.7	46.6

Crop production contributed 33.1% of the entire market commodity production but its share decreases each year. As Poland is specialising in livestock, an increasing number of farms are abandoning cereals for fodder and livestock production. Rye takes the most important place in crop production, and Poland is the second largest producer of rye in the world after the Soviet Union, producing 28.9% of the world's rye crop. Poland also has one of the world's largest potato crops, and the 1974 crop of 48.6 million tons constituted one-sixth of the entire world's potato crop. Large quantities (about two-thirds of the entire crop) go to feed livestock, and this is the reason why 'Polish ham' tastes quite different from other ham and is good for exporting. Unfortunately, the average yield from crop production is fairly low in comparison to most developed countries in Europe and America. Table 7 indicates the yield per hectare.

TABLE NUMBER 7  
PRODUCTION AND YIELDS OF MAJOR CROPS IN 1974

SPECIFICATION	total	four cereals				Potatoes	Sugar beets
		wheat	rye	barley	oats		
YIELD PER HECTARE IN q							
TOTAL	28.3	31.7	25.1	31.8	27.5	181	295
of which							
state agricultural holdings	33.6	36.2	29.7	34.3	33.4	185	275
cooperative farms	32.6	34.7	29.3	32.2	32.4	194	286
private agricultural holdings	27.6	31.0	24.8	31.2	26.9	180	300

Further progress in Polish agricultural production is connected with the increased use of artificial fertilizers. The expansion of the fertilizer industry has meant that the use of mineral fertilizers has increased visibly over the past years.

Considerable reserves are also latent in the mechanisation of agriculture. Poland has achieved visible progress in this field in comparison with the post war situation. This phenomenon is illustrated by Table No. 8.

TABLE NUMBER 8

TRACTORS IN AGRICULTURE

SPECIFICATION	1960	1965	1970	1973	1974
TRACTORS in thousands in physical units					
TOTAL	62.8	131.0	224.5	319.2	363.0
State agricultural holdings	28.6	50.3	66.1	72.0	74.3
of which Ministry of Agriculture state machinery stations	27.6	49.0	64.5	70.2	72.5
Cooperative farms	11.9	8.3	6.0	3.9	3.5
Agricultural associations	2.1	3.8	5.9	7.6	8.3
Private agricultural holdings	6.9	45.6	91.9	112.2	123.2
	13.3	23.9	54.6	123.5	153.7

A programme for increasing the production of tractors, combine harvesters and other machines associated with this is now under way. The main obstacle in introducing full mechanisation to agricultural production is the small size of agricultural holdings, as a largest area is necessary for using all types of agricultural machinery. This means that the future development of Polish agriculture depends on introducing larger farm units for agricultural production. The farming cooperative has made a step in this direction, but Poland's own experiences indicate that this kind of farming could only be introduced on the basis of completely voluntary membership, and thus the process of so-called collectivisation will last a long period of time. Therefore, Polish agricultural policy has tried to find another solution to enable agricultural production on a bigger scale, but without formally binding the farmers within very tough organisational frameworks, and various kinds of rural cooperatives serve this purpose. Now, allow me to say a few words about structure of Polish Cooperative Movement.

#### STRUCTURE OF THE COOPERATIVE MOVEMENT

The Law on cooperatives and their unions envisages that all cooperative societies should be affiliated in central cooperative unions.

The functions of central unions may be classified as follows: (1) planning, (2) organisational, (3) economic, (4) instructive and training, (5) auditing.

Central cooperative unions are responsible for the implementation of planned tasks, and for this reason they take part in the drawing up of these annual, quinquennial and long-range plans. The unions are allowed to co-decide on the following matters:

- the fixing of tasks for cooperatives in the domain of production, sales, purchases, residential buildings, industrial building, etc.
- in determining the means indispensable for the implementation of these tasks, including investments, repairs, purchases of machines, equipment, financial means/bank credits/employment, transportation, etc.

According to the Law, art. 175: "The resolutions of the bodies of the/central/union are binding on all cooperative organisations affiliated in the union, and concerned with the respective resolution". Article 45 of the Law envisages certain sanctions: "members of the cooperative board can also be recalled by the board of the respective

central union, if their activity is contrary to the legal provisions, the Rules, the resolutions of central cooperative unions or of the Supreme Cooperative Council."

Cooperative central unions are obliged to help cooperatives in the implementation of their tasks. This assistance also takes the share of direct economic activity.

To satisfy the needs of cooperatives in the domain of investment projects, central cooperative unions run their own design and project offices, building material producing plants, and building enterprises. Transportation means, as a rule, are pooled at the voivodship level.

Auditing/inspection/Functions are an important part of the activity of cooperative central unions. Inspections are carried out by specialists and their aim is to check the correctness of the economic activity of the cooperative society: i.e., whether it is in accordance with the provisions of the plan, with the needs of the population, with legal provisions, with the cooperative Rules and with cooperative cooperative principles.

Below is the list of central cooperative unions operating in Poland at present:

- "Spolem" Central Union of Consumer Cooperatives
- Central Union of Workers' Productive Cooperatives
- Central Union of Building and Housing Cooperatives
- Central Union of Handicrafts
- Central Agricultural Union of "Peasant Self-Aid" Cooperatives
- Central Union of Savings and Credit Cooperatives
- Central/<sup>Union of</sup>Farming Cooperatives
- Central Union of Agricultural Circles.

The Central Agricultural Union of "Peasant Self-Aid" Cooperatives and the Central Union of Farming Cooperatives are the superstructure of voivodship unions.

All the central unions are members of the Supreme Cooperative Council.

1. The Supreme Cooperative Council supervises the all round and correct development of the cooperative movement in Poland.
2. In particular, the Supreme Cooperative Council  
(1) is the representative of the cooperative movement in Poland and abroad;

- (2) initiates and coordinates collaboration and mutual assistance between cooperative organisations of different types;
- (3) initiates and coordinates the activity of cooperative organisations in the domain of collaboration with the cooperative movements in other countries;
- (4) determines the general lines of social and educational activity of cooperative organisations;
- (5) sees to it that cooperative organisations abide by the rule of law and the principles of inter-cooperative democracy;
- (6) prepare the draft laws or issues opinions about such draft laws if they concern problems of the whole cooperative movement or matters of essential importance for that movement.
- (7) prepares and submits to the Council of Ministers drafts of the plans of the financial economy of cooperative organisations;
- (8) conducts research and publishing activity in the domain of the common needs of the whole cooperative movement and cooperates in this domain with other research institutions;
- (9) defines the principles according to which cooperative societies affiliate themselves into central unions;
- (10) on a motion of a central cooperative union withdraws the rights to exert auditing functions;
- (11) carries out other functions envisaged by the present Law, by the detailed regulations and by its Rules."

Now allow me to submit figures about urban cooperatives:

TABLE NUMBER 9

CONSUMER COOPERATIVE IN 1973

Membership	2	2,778,600
out of whom women		1,745,800
Members of cooperative self-government bodies		210,700
Employees		176,400
Cooperatives' own funds in millions of zlotys		30,918
Retail distribution network		23,278
Small-scale retail trade network		4,985
Catering establishments		4,202
Production enterprises		2,174
Service enterprises		8,570
Retail sales in millions of zlotys		113,768
Sales in catering enterprises in millions of zlotys		8,526
Services provided to customers in millions of zlotys		520
Goods output value in millions of zlotys		22,171

TABLE NUMBER 10

WORKERS' PRODUCTIVE COOPERATIVES IN 1973

Members	637,900
of whom women	322,900
Members of self-government bodies	34,800
Employees	616,100
Cooperatives' own funds in millions of zlotys	30,160
Retail trade network	3,887
Restaurants	64
Productive enterprises	20,480
Service enterprises	28,044
Goods output value in millions of zlotys	82,894
Retail sales value in millions of zlotys	7,536
Value of sales in restaurants in millions of zlotys	210
Value of provided services in millions of zlotys	22,459

TABLE NUMBER 11

HOUSING AND BUILDING COOPERATIVES in 1973

Members	1,577,100
of whom women	450,000
Members of cooperative self-government bodies	51,400
Employees	45,000
Cooperatives' own funds in millions of zlotys	30,869
Rooms handed over for occupation in 1973	335,000

AGRICULTURAL COOPERATIVES

The above given figures prove that cooperatives play a crucial role in urban life, for instance, recently, the majority of new dwellings built in Poland have belonged to cooperative housing societies. In this way, a very important part of human life, owning a flat or a house, is served by cooperatives in Poland. Generally speaking, there is no domain in Polish social and economic life where the role played by cooperatives is not visible, but they have the greatest significance in the agricultural field.

The cooperative movement in Poland is a factor of socialist transformation in the social and economic relations in the countryside. The following kinds of rural cooperatives working in the countryside are connected with agricultural production: supply and marketing cooperatives;

dairy cooperatives; horticultural cooperatives. All these three kinds of cooperatives were merged in April this year into one of the largest central unions in Poland, the Central Agricultural Union of "Peasant Self-Aid" Cooperatives.

#### AGRICULTURAL CIRCLES

Besides these marketing and processing cooperatives, we have also "cooperatives of agricultural circles" in Poland. This kind of cooperative is set up by farmers' associations which are called agricultural circles and which have a very historical tradition. The basic task of the agricultural circles is to serve in the form of helping work with mechanical equipment, and this kind of activity is carried out by the circles themselves, mainly through pooling machinery. However, for the other kinds of processing or servicing activities, such as using local raw materials for building. Generally, the agricultural circles are not really part of the cooperative organisation, like the farmers' associations, but because they have some rights to organise some kinds of cooperatives, the central union of agricultural circles has a similar right with regard to the agricultural circles as central unions vis a vis cooperatives. You must remember that Agricultural circles are indirect step to the co-operative farming. It should be treated as very simple form of cooperative farming.

In Poland agriculture has entered the first stage of technological revolution a few years ago. Many hundred thousand small peasant farms are not adapted to modern methods of farming as modern means of production are too expensive for these farms. This gave birth to the idea of mechanisation of agriculture with the assistance of agricultural circles. The activity of the circles has become an integral part of technology revolution in peasant farming. The circles have a substantial pool of agricultural machines and tractors which are collective property. Many hundred thousand private farmers avail themselves of services offered by agricultural circles.

TABLE NUMBER 12

SPECIFICATION	<u>AGRICULTURAL ASSOCIATIONS</u> (Circles)			
	1960	1965	1970	1974
Agricultural associations in thous	23.1	32.6	35.6	35.5
Agricultural associations in % of village administrators	56.8	80.0	87.8	89.1
Cooperatives of agricultural associations	-	-	-	890



TABLE NUMBER 12 (cont.)

SPECIFICATION	1960	1965	1970	1974
Interassociational machinery centres	-	-	2870	1748
Local establishments of voivodship cooperatives of rural construction		120	147	144
Rural housewives' associations, in thous.	10.5	24.8	34.9	36.0
Members of agricultural associations in thous.	803.5	1680.4	2605.0	2819.0
of which rural housewives' associations	203.1	582.9	1088.2	1250.0
Employment in thous.	36	69	132	178
Income from agricultural associations' activities in mill.zl (at current prices)		4735	12414	27984
of which Services		2937	8897	19071
of which tractor, machinery and repair workshops services		2879	8503	19071
Production		1120	1987	6404
of which collective farming		491	547	2453
Surplus from agricultural associations' activities in mill. zl (at current prices)		259	395	690

Along with increase of the number of tractors and machines owned by agricultural circles, the controlling, dispatching and account settling network is to be expanded; as well as the network of maintenance and repair stations. Too much bureaucracy has reduced the effectiveness of services. It has been found that horses are much more quickly ousted by tractors if the tractor is the farmer's property than when it is only hired from the circle to do certain kinds of work. When buying a tractor, the farmer gains more freedom to use it to the best advantage of the farm, but on the other hand, the cost of such investment as a rule exceeds the actual possibilities of the farm and is not in proportion to the scope of production. So as a rule, the farmer cannot afford buying a tractor, but he can afford to buy mechanical services. Thus, while estimating the importance of equipping peasant farms with tractors, one should look for other solutions, e.g., the foundation of companies. The initiative of farmers to purchase tractors and thus to have tractors at their own disposal

is well motivated. It may help agricultural circles to develop activity at a more advanced organisational stage, based on the operation of farms' companies and of commercial-service enterprises of the same type as cooperative societies run by the circles.

In the condition of specific technological revolution which is now taking place in Polish agriculture, purchasing mechanical means of production by joint financial means and using them jointly is the simplest form of an agricultural company. It is the introductory form leading to effective social and economic adaptation of the structure of peasant economy to new technical means of production and making the utilisation of these means possible without unnecessary administrative procedure.

Private peasant farms in Poland, are on average, smaller as regards farm area, than in other European countries. For this reason, development and intensification of production along with transformation of peasant economy by means of various integrating operations, are important and topical tasks. Although this is a complex problem, yet production is the point of departure. The guiding motive of all structural changes in peasant economy is: to achieve increased production at a lower cost now, and not in the distant future. This is why one cannot use artificial means in order to accelerate the process of transformation of peasant farms.

An agricultural company which wishes to take advantage of special State assistance, must comply with the following two basic requirements:

- (1) it must be an association of at least three independent farms, and
- (2) the farm owners must sign a written contract determining the type scope and methods of productive activity and they must conclude a contract with a state or cooperative enterprise concerning sales of agricultural articles produced on their farms.

Joint mechanisation of production processes is the simplest type of collective farming. The decision about the purchase of this or other machinery and accompanying equipment for joint exploitation should be made as a result of a thorough estimation of actual needs and the advantages it would bring. An agricultural company has two ways of purchasing machinery: (1) it may take over tractors and machines owned by an agricultural circle, for its own permanent use. After paying depreciation instalments., the machines become the property of the company and no other payments are to be made. (2) the company may also purchase the necessary equipment directly from the respective dealer.

Rural cooperatives are interested in the development of simple forms of co-production between farmers and they can stimulate this process. This is the result of historical traditions of the cooperative movement in the countryside and its ties with peasants own self-aid movements.

### FARMING COOPERATIVES

Farming cooperatives in Poland are connected directly with agricultural production. There are many different types of farming cooperatives, but basically there are two sorts called type number one and type number two.

Farming cooperatives type number one means that the arable land and other agricultural land brings its members to the cooperative for common land production, but the livestock (pigs, cows and all animal production) remains in the owner's possession.

Farming cooperatives type number two means that both the crop and animal production are carried out collectively. This is the highest type of farming cooperative and is a full collective farm. The farmer is entitled to hold a small plot of land for his own individual use, but this must not be more than 0.6 hectares.

The other types of farming cooperative are specialised in agricultural production, such as:

- farming cooperatives for collective breeding
- farming cooperative for breeding dairy cattle
- farming cooperatives for horticultural production
- farming cooperatives for broiler chickens
- farming cooperatives for processing horticultural products
- farming cooperatives for pig breeding

All these abovementioned types of farming cooperatives, with the exception of the first one, farming cooperatives for collective breeding, have no need to join their land; they only have to run their farm, and decide to specialise in one of these types of agricultural production which suits their individual holdings the best.

As far as the specialised type of farming cooperative is concerned, called the farming cooperative for breeding, these should join all their land for the joint production of feeding stuff for cattle and other animals which are individually owned.

The cooperative aim is to assist all these individual breeders to achieve as much as possible. Although there are so many types of cooperative farms, each of them has the same common features:

- their main target is to raise the economic standard of life and the cultural level of its members;
- cooperative membership is voluntary - each citizen who is able-bodied and of sound mind, and expresses the wish to be admitted to a cooperative body should be admitted as a cooperative member;

He may have to bring his land as a share when he joins some types of farming cooperatives, but sometimes only the arable land. However, each member can withdraw from the cooperative at any time, but his membership will only expire after one year from the date that he expresses his wish to withdraw. This is because when the member brought his land as a share, this must be given back, however, it is impossible to give this back immediately because of the sharing of the agricultural products, so he has to wait usually until after the harvest, when the formalities of withdrawal are settled by a relevant date.

If a new cooperative is to be set up, a group of at least ten chartered people have to take the decision to found the society, adopt its rules and submit it to the court for registration. The court registers the new farming cooperative providing the application is supplemented by two documents - first the so-called "Statement of Purpose for Founding a new Cooperative" which is issued by the farming cooperatives' central union, or through its regional offices. The second document is the agreement of the local state authorities for the opening of the given cooperative enterprise in the area under its administration. The members are obliged to declare and put their share in cash, and sometimes in land, animals, etc. For members who bring land as their share, the cooperative sets an annual equivalent in cash from 500 to 1,500 zlotys depending on the quality of the land and the price level in its area.

Apart from the members, each farming cooperative can employ non-members: particularly highly skilled specialists. It is important for the so-called specialised kind of cooperative to have the possibility of engaging non-members. All members and non-members who work within the framework of cooperatives are paid in cash. Previously, it was the habit

to distribute the annual income of farming cooperatives among the farmers in kind as well. Now the system of paying in kind has been abolished. Payment is made each month on an estimated annual income, and when the final accounts are finished and the net income from the year's production is known, this monthly payment is taken into account in the division of the whole income among the members.

#### THE BODIES OF THE FARMING COOPERATIVES

The organisational structure of the cooperative bodies is as follows:

The highest cooperative body is the general meeting of the members, which all members attend, and which elects an auditing commission and the executive board. The general meeting of cooperative members has in its terms of reference, the electing and calling the members of the cooperative's auditing commission and executive; the consideration of the applications received from prospective new members and making the final decision about their acceptance or refusal into the cooperative.

The auditing commission in small enterprises is usually not elected: its functions are served for small cooperatives by the central union's auditing division. When the auditing commission is elected, their task is to check all the accounts and balance sheets, and to submit the relationship to the general meeting regarding the assessment of the cooperative's activities.

The board of directors, or executive board, is the managing body of the cooperative, and represents it on the outside. The executive board supervises the activities of the specialists who are engaged as employees of the cooperative. Very often, the general manager also conducts the daily running of all the economic activities of the cooperatives. The executive board is usually comprised of the chief of farming, chief of stocking and the chief of the processing department.

#### Farming cooperative Funds

Farming cooperative funds consist of 1) the share fund, 2) the reserve fund and 3) the social-cultural fund. The share fund consists of members payment for their share.

The reserve fund is composed of entrance fees, a part/ of the balance sheet <sup>at least 15%</sup> profit and of takings envisaged in the financial system and other takings. The reserve fund should be invisible, and should be used only to cover balance sheet losses. This fund is also composed of state donations, amortisation of loans, etc.

Profit The social-cultural fund is composed from the part of the balance sheet net profits <sup>at least 5%</sup> and other net resources of the cooperative. The purpose of this fund is to conduct cultural activities within the framework of the farming cooperative and to give help to the members in difficult circumstances.

#### SOCIAL BENEFITS FOR THE MEMBERS OF FARMING COOPERATIVES

According to the law, farming cooperative members are entitled to the social insurance benefits as all working people in Poland. These benefits include family allowances, medical and health insurance, sick and maternity leave (three months for the latter), and pensions schemes. These include retirement pensions, disability pensions, pensions for widows and orphans, funeral grants, etc. The cost of insurance is covered by the state until the cooperative is economically sound. The next-two thirds of the insurance costs are paid by state assistance.

It is worth mentioning that health insurance has, for a few years, embraced the whole rural population in Poland, which means that health assistance is free for everybody, including the working people and the peasants.

#### TRAINING ASSISTANCE FOR STAFF AND MANAGEMENT

One of the other forms of state assistance for farming cooperatives is provided by experts, especially highly educated agronomists, and these are all paid by the state.

The general figures which characterise Polish farming cooperatives are illustrated by the following Table Number 13.

TABLE NUMBER 13

COOPERATIVE FARMS

SPECIFICATION	1960	1965	1970	1973	1974
Cooperatives	1978	1251	1096	1069	1066
of which collective					
breeding	1232	1078	962	981	-
of which income					
distributing	1668	1229	1071	1064	-
Associated families in thous.	25.6	21.6	25.3	31.3	31.5
of which agricultural					
holdings owners	17.2	11.6	11.0	11.0	11.2
Land area in thous. ha of					
which State Land Fund grounds	103	124	177	198	206
of which collective grounds	249	219	269	295	304

It is worth mentioning that the share of so-called specialised farming cooperatives which were invented just a few years ago, are now very popular, and one-third of the total number of new farming cooperatives set up last year were purely specialised cooperatives. The whole acreage in 1974 was 38,500 hectares.

The net income per family in cash was 60,000 zloty a year in 1975, and after such additional benefits as flats, milk, kindergarten etc., are taken into account, it amounts to 65,000 zloty per family. This level of wages is equal to the skilled workers' wages in industry.

GENERAL AGRICULTURAL POLICY

The above survey of agricultural farming cooperatives gives us a general image of farming cooperatives. However, it also proves that collectivisation is no sine qua non condition. The agricultural policy has been adapted to suit the conditions and needs prevailing, in order to build a socialist society and economy in Poland.

The main principle of the agricultural policy in Poland is to continue the constant growth of the agricultural output with a gradual socialist transformation of the relationship in the countryside. The farming cooperative is simultaneously the means of implementing agricultural policy as well as one of its targets. This kind of agricultural policy was created for various vital reasons. The rapid industrialisation of our countries which started after the

Second World War, when the working class and other democratic forces came to power, caused very crucial changes in the countryside.

First of all, we can observe the transformation of the farmers' attitude to the land, especially among the younger generation. The so-called "land hunger" was the main feature, throughout the ages, of the peasants' feelings, and this is now disappearing, but the continually increasing drift to towns and industry has now replaced it. Some farmers go into a non agricultural job; others change their chief source of income, i.e., they take jobs outside agriculture, mainly in newly set up industries, but remain on the land, and work in farming part time. The third group of peasants have moved to work elsewhere, but have continued to live in the villages. Generally the rural population which was the largest at the beginning of all these social transformations, has declined directly and relatively in comparison to earlier. We can observe the lack of manpower in agriculture in many parts of the country. It is understandable that the youths want to change their lifestyle and move into the towns to live, but simultaneously, this means that only their older parents remain in farming, because their children do not want to run the farms in the future. Illness and old age causes their parents not to be able to run the farms so well.

However, if they have no children, they have the possibility of transferring the farm to state ownership in exchange for a pension. In this way, the state gathers all the free land into so called the state land fund. All kinds of cooperatives, both farming and other rural cooperatives can obtain land from this fund, and put it to their own uses and production purposes. Last year, for instance, one million hectares were gathered into this state fund in exchange for pensions. Of course, some of them are joined to existing cooperatives or existing state holdings, and some are taken over by the establishment of new farming cooperatives. Since this free land is not all in one region, but is sometimes only part of a village among the holdings of individual farmers, the individual farmers also have the possibility of buying such farms, which they want for their dependents to inherit. However, farming cooperatives have such a different image in Poland than in Sri Lanka because of the difficulties in finding manpower.

It is quite the opposite here in Sri Lanka where you have surplus manpower for agriculture. Therefore, we have so many different types of cooperative in Poland to enable us to run the farming cooperatives successfully under the different conditions, and under the very specific local conditions. Of course, the psychological reasons should also be



taken into account, i.e., farmers do not want to be forced to set up farming cooperatives, but they want to be forced to set up farming cooperatives, but they want to build their own enterprises on a voluntary basis and by themselves. I can say that the farming cooperatives which are very well run are able to do good business, because state assistance is on such a wide scale, and the facilities for farming cooperatives are so widespread, that the average salaries and wages in a well run farming cooperative are very high indeed - even higher than for highly skilled workers and specialists in industry.

Naturally, if the farmers do not want to join farming cooperatives, they also receive assistance in running their farm because of a special policy called "contract farming" which means that each farmer can make an agreement, through the marketing cooperatives, with the government bodies to ensure a constant price for a defined type of agricultural product. The farmer is obliged to produce a given amount of this product, and he knows many years in advance what kind of price he will receive for his products which have been contracted by the state.

boost

Such a policy/the farmer to invest in different kinds of agricultural production and to develop his holdings over a long term period.

#### CO-PRODUCTION BETWEEN FARMING CO-OP'S AND PRIVATE FARMS

With regard to the general assessment of the farming situation, it may be useful to learn about the problem of co-production between the individual farmers on the one side and farming cooperatives as well as the state holdings on the other side. It is a rule that in each authority where the farming cooperative is active, various forms of co-production can be developed for mutual benefit. There are very simple forms of co-production, for instance, in pig-breeding cooperative farms, the individual farmers receive the sow for breeding from the cooperative farms, and the piglets are delivered by the individual farmers to the farming cooperative for fattening in the industrial way. Sometimes there is a quite simple exchange of services, e.g., the farming cooperatives usually have better mechanical tools and equipment than the individual farmers, but during the harvest time, the farming cooperative suffers from lack of man power, and in this case, cooperation is usually

practised when the farming cooperative lends the machinery and tools to farmers and vice versa, the farmers help the farming cooperatives during the harvest time. Thus the account can be settled without cash even.

There are many other examples where the cooperative farmers' activities and their equipment are used as a source of inspiration to individual farmers, or sometimes just to help the farming cooperatives expand their activities. In practice, the concrete relations between the village and the cooperative farmers are very good and I have personally met many individual farmers who praise the activities of farming cooperative and when I ask them why they do not join the farming cooperatives, they reply that the cooperative farms need individual farmers and individual farmers need cooperative farms. It is of mutual benefit for both farmers to be able to use each others' services.

Sometimes, I must confess, the individual farmers want to join farming cooperatives after they have already developed as a very strong enterprise, but then the members of farming cooperatives are very reluctant to consider such applications, and so it can be very difficult to join the best farming cooperatives. In this case, the best way of expanding agricultural production and to improve the situation of the individual farmers, is to use co-production between both sides.

All these various solutions which we have introduced in order to improve agricultural production and to increase the living standards of farmers are caused by the lack of sufficient means for agricultural production i.e., especially combine harvesters, tractors, and other kinds of tools and equipment, which make modern agriculture very efficient in the developed Western countries.

Since we cannot afford to supply each individual farmer with suitable and sufficient machinery and tools, we have to look for such complicated and, at first glance, strange solutions. However, after all, all these ways intended to achieve the final goal - increasing the welfare of the countryside and the basic socialist relationship are acceptable to our society and political party and authorities.

SOCIO ECONOMIC ASPECTS OF CO-OPERATIVE FARMS  
AND DIVISIONAL DEVELOPMENT COUNCIL  
AGRICULTURAL PROJECTS

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IN SRI LANKA

NATIONAL CO-OPERATIVE COUNCIL OF SRI LANKA.

**SOCIO ECONOMIC ASPECTS OF CO-OPERATIVE FARMS AND  
DIVISIONAL DEVELOPMENT COUNCIL  
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1. INTRODUCTION

1.1 TYPES OF CO-OPERATIVE FARMS

There are several types of co-operative farms

Co-operative farms under the Ministry of Agriculture - launched in 1971. There are over 50 such farms. Each farm is over 100 acres. Co-operative farms of the Land Reform Commission - started in 1972. There are over 175 such farms. (13,000 people and 40,000 acres.) Co-operative farms of the National Youth Services Council - started in 1972 (about 10 farms). The largest one at Uda-Walawe is 2500 acres in extent. (about 1300 people).

One important feature making these co-operative farms different from others is that in co-operative farms agricultural land is held in common ownership and operated as single unit by all members. This obviously leads to one decisionmaking body for the farm and also a manager to execute these decisions.

Although some types of settlements like the youth schemes had service co-operative societies to supply agricultural and other needs of settlers and to provide marketing services, these are not included in the category of co-operative farms in this discussion.

1.2 OBJECTIVES OF LAUNCHING CO-OPERATIVE FARMS & DDC PROJECTS

The declared specific objectives of the government in launching both co-operative farms and DDC's were:

- Employment generation and increased productivity in agricultural sector.
- Generation of percapita incomes equivalent to those obtained in clerical and similar positions.
- Foreign Exchange earning.
- Reducing capital expenditure on agricultural schemes.

It is important to note that these objectives were applicable to both types of schemes although subsequent developments of co-operative farms and DDC projects led to many differences in the two types of schemes.

The objectives of Janawasas (as distinct from Ministry Co-operative Farms) as mentioned in the Bill are:

- a. i. to foster the collective management and development of agricultural land and the collective development of animal

husbandary and agrobased and cottage industries.

- ii. to ensure maximum productivity and maximum utilisation of agricultural land for maximum employment and profit sharing in proportion to the quality and quantity of the work output.
- iii. to promote the social and cultural development of the members.
- iv. to promote and foster group farming among owners or cultivators of neighbouring agricultural lands; or to provide agricultural machinery, implements and inputs and other such services to members .....

### 1.3 ORGANISATIONAL POSSIBILITIES FOR CO-OPERATIVE FARMS AND DDC SCHEMES

The organisation of both types of projects could take one of the following approved forms according to Government's thinking at the time.

The total project as a single unit managed by the co-operative society.

The project worked in many units each under a group or an individual supervised by co-operative management.

Farming on an individual basis each member operating his own land supported by a service co-operative for supplies and marketing.

Perhaps one would consider those alternative forms of possible organisation patterns to be important in that they permitted the execution of the projects either as co-operative (collective) farms or individual farms.

One cannot maintain that the government at the higher levels forced anybody in 1965 or 1971 to accept co-operative farms. However it is true that the Ministry of Agriculture decided upon the collective form of agriculture under these schemes wherever there was support for it, specially from the political leadership of a locality.

It is to be noted that the co-operative forms of agriculture became possible under these schemes approved in 1971. Collective management was however a major objective of Janawasas established under Land Reform Commission from mid 1972 onwards.

## 2. DEVELOPMENT OF CO-OPERATIVE FARMING IN SRI LANKA

### 2.1 INITIAL ATTEMPTS TO ESTABLISH CO-OPERATIVE FARMS

Co-operative farms (and Divisional Development Council Projects) should not be, considered an abrupt and instantaneous event in the history of settlement in Sri Lanka. Attempts were made in 1965 to introduce

Youth Scheme under Land Commissioner and establish them on co-operative principles similar to those applied in the subsequently organised (1971) co-operative farms.

i. Janawasa Bill (April 1976)

The initial attempts at co-operative farming were based on the belief that educated young people were bound to be more amenable to trying out collective forms of agriculture than would be the older generations. Although no research seems to have been done on the circumstances of the initial attempts to run youth schemes on co-operative lines and the reasons for abandoning the attempt, from a few interviews with relevant people, several reasons can be guessed.

There was no social acceptance of the principles of collective ownership and farming specially among the parents of the youths of the Youth Schemes.

Officers in charge of implementing the schemes were not apparently quite convinced of the feasibility of the new institutional form of co-operation.

The pioneering youths themselves were easily disillusioned with co-operative approach ~~due~~ to initial problems of organisation and management.

There could of course be other reasons for the failure in implementing the schemes on co-operative lines. Although the Youth Schemes were soon reorganised on the traditional settlement pattern of individual allotments it is important to note that the first attempt by the government at creating co-operative settlements for youths was made in 1965. After this, it was not until 1971 that the government started promoting co-operative farms through new schemes under the Ministries of Agriculture, and Planning.

It may be said that the initial attempt was half hearted, for had further efforts been made in 1965 to firmly establish at least a few co-operative farms, some pioneering projects could have survived, and lessons could be learnt about their problems.

2.2 SECOND PHASE IN CO-OPERATIVE FARMING

What can be considered the second phase of co-operative farms started in mid 1971 with the approval of co-operative schemes and Divisional Development Council Projects. The attempts during this phase succeeded in establishing about 50 co-operative farms. The schemes were launched with the assistance of government agents, and the Members of Parliament of the relevant areas.

There was no effort to promote co-operative farms as the only type of government sponsored settlement schemes. Individual as well as collective forms of settlements were tried out simultaneously. Land also was allocated to individuals under youth schemes and large development schemes etc. This second phase continued from 1971 to 1975. The co-operative farms proved to be workable institutions but there were complicated management problems to be overcome. The farms were not an instant success but they did not wither away quickly either.

In many cases of co-operative farms started during this period the land selected for take over from private sector or crown land was of marginal fertility. It was an unfortunate feature for co-operatives because the schemes were on trial and their performance was bound to be adversely affected by this initial drawback, a drawback which might willy willy be forgotten by many evaluators.

An important feature about launching the co-operative farms from 1971 onwards by the Ministry of Agriculture and Lands in collaboration with the Government Agents and other Departmental Staff of the districts was that although the scheme was new, no effective training activity was developed for the officers who directly and indirectly involved themselves in these schemes. The district administration in charge of these farms placed the farms under the managerial supervision of different types of officers like Supervisor Land Development Ordinance, Inspectors of Co-operative Development Department, Development officers of the Planning Ministry, local personnel selected with the advice of political leadership of the area etc.

Selection of officers and others with a variety of backgrounds, the absence of well organised training support, as well as the lack of clear-cut operational principles of management issued by authorities, understood and accepted by managers led to a multiplicity of practices in Farms, most of them not quite efficient.

### 2.3 THIRD PHASE IN CO-OPERATIVE FARMING

With the launching of the 1st phase of Land Reform programme in 1973 and the allocation of land in about 150 schemes for co-operative janawasa type the co-operative farm movement received great encouragement.

The allocation of fully or partly developed land and the accommodation of the experienced and older agricultural labour force in the co-operative schemes are two significant factors of this phase of development. The developed lands gave ready incomes and opportunities for experiment and training.

The labour force provided a wealth and variety of skill which was available for the guidance of the younger members. Co-operative agriculture quickly became an economic proposition, although these schemes too had their problems.

Another important feature in the institutional development was the appointment for the first time of a majority of the Board of Directors from the membership to participate in management decision making and the creation of a variety of committees inside the farms.

A further factor in launching of Land Reform Janawasa scheme was that some authorities who promoted and implemented them at the initial stages were not bureaucrats and did not succumb to conventional rule ridden procedures and overcautious attitudes. They also had ample support from the political and official leadership. Yet they were willing to listen to and often follow the advice and requests of villager and the youth.

### 3. SOCIO ECONOMIC ASPECTS OF CO-OPERATIVE FARMS INTERACTION OF ECONOMIC AND SOCIAL ASPECTS

Village community and most of the members of farms are apparently interested mainly and primarily in the economic success of co-operative farms. The parents of members as well as the members themselves desire that the farms should provide the members with a reasonable and steady income. This can be achieved not through successful agricultural activity alone but through the creation of an economic surplus by marketing the farm products. Thus production and sale at a profit became a necessary feature of a co-operative farm from the point of view of society and the membership as well as the government which partly or wholly financed the projects. Costs and returns became crucial in this type of scheme.

Economic success cannot be achieved and sustained in the context of social failure. On the other hand social success in the farm or between the farm and the community cannot continue in the face of economic failure.

Although thus the social and economic variables are interacting and interdependent it is our opinion that economic success or strength goes a long way towards social success.



#### MEMBERSHIP

- (1) Some co-operative farms comprise of young men (18-35 years), some have young men and women, and some have women only. There are also farms where men and women over 35 years work along with younger members. The farms society itself becomes different from the normal agricultural communities if young men or else women form the exclusive membership in a farm. The segregation of sexes and the youth's lack of experience in agriculture combine to create a rather artificial community of "farmers". A general atmosphere of "Workers" or the manager tending to take the role of estate superintendent. This was demonstrated in some instances where such trends develop, there is hardly any identification of the members with the farm.

Where young men and women mix with older farmers there seems to develop a better working environment and a more stable coherent and national social relationship internally as well as externally.

#### RESIDENCE

- (2) In some of the co-operative farms the members are resident in the farms themselves in separate houses, often in family units. This is especially true of Land reform based Janawasa farms. In some farms there are dormitories where young people live together. In many farms the members reside in nearby villages and daily attend to the agricultural activities in the farms.

Residence seems obviously to be a factor leading to a stronger link between the farm and the members as well as among the entire membership. If however no facilities are provided for recreation, social, cultural and such activities even the fact of residence might not lead to much of social cohesion. The economic position of the members necessitates that some facilities should be provided to the membership to make residence in the farm feasible, especially where the daily allowance paid is very low.

#### POWER

- (3) In certain cooperative farms the bureaucracy or the officials of the government have a major influence in the decision making and implementation process. This is true in general in the Ministry controlled farms. In Janawasas, the decision making is done by the politically active power groups and the Land Reform authorities. Depending on the management philosophy and several other environmental factors in some farms the representatives of the general member-

ship participate in management decision making. If the manager of the farm and the Board are not keen to introduce and develop the concept of self management the members have little chance to promote such an environment. Officials often tend to be attracted by the prospect of holding the strings of power in their hands and manipulate the activities sometimes keeping the membership as a false front. Very often while paying up service to the concept of self-management the officials make all the decisionmaking.

#### ISOLATION (ECONOMIC AND SOCIAL)

- (4) A large number of co-operative farms have existed as socially and economically isolated units vis-a-vis., the neighbouring villages, societies and economies. Some have begun to intergrate socially through the local labour force. In the farms where only young men or women work (excluding older farmers) the membership have generally not established themselves as social entities capable of interacting with the neighbouring communities.

#### FARM SIZE AND GROUPS

- (5) Some farms are large and comprise of over 200 or so members. In large farms some form of grouping becomes inevitable. The land is sometimes divided into several blocks and each group of 50 youths or so is made responsible for each bloc-e.g., Udawalawe. In some other farms even though the acreage is bigger the land is administered as one block and groups of people are temporarily attached to blocks or activities without establishing a direct economic relationship between a group and a block of land.

#### COMMON OWNERSHIP

- (6) Common ownership of land is a widely prevalent feature in most co-operative farms. However, in a few farms like Lissanagama 10 acres are sometimes identified with a group of 10 persons. Generally the total farm land is the property of the entire membership. This is one of the most important and novel features of the system. The attitude of the society and membership on this issue has probably not been researched into.

Very often the selection of marginal land during the 2nd phase of their development did much harm to the concept of collective ownership because those who looked at the progress of these pilot farms tended to conclude that the farms did not develop because of collective ownership and resultant problems and failed to point out the poor condition of the lands selected for the experiment.

(a) PROFITABLE VENTURES

Some of the farms especially some of LRC Janawasa farms ~~earn~~ a surplus. It is true that compensation matters have yet to be finalised and therefore the capital expenditure has been little or non-existent for the new management. In this restricted sense then these ventures often earn 'profits'. They can afford to pay the members well. The crops are long term and management is generally established and even perhaps streamlined in some cases. The problems of management of private estates are obviously different from those of co-operative farms but certain practices from private sector proven to be useful over the years could fruitfully be copied under the new system too.

(b) NON-PROFITABLE VENTURES

Those farms that do not earn a profit have serious financial problems. Some co-operative farms of the Ministry of Agriculture fall into this category. If no subsidy is made available some of them will have to close down and others may have to reduce the labour force.

(c) CONTINUING INSTITUTIONAL SUPPORT

Some farms can carry on in spite of losses, hoping for better results in the future. The membership may not be directly involved in management and therefore rather unconcerned about the finances.

SPIRIT OF CO-OPERATION AMONG YOUTH

Youth seem to be often eager to work the co-operative schemes. The management of these schemes inevitably throw up problems and if they are not satisfactorily solved, youth is disillusioned with the organisational aspect of these schemes. If the economic results of operation of these ventures are satisfactory the other problems do not unduly hamper the sustained development of the schemes, within certain limits. However in a few schemes in spite of economic success the social and organisational aspects have sometimes created serious problems.

ISLANDS OF CO-OPERATIVE FARMS IN AN OCEAN OF PRIVATE ENTERPRISE

The theory that collective property as a policy will not thrive in the midst of a society predominantly motivated by private enterprise is not proven by experience. Specially the experience of the third phase of co-operative farms is in our estimate rather encouraging.

### MANAGERS AND STYLES OF MANAGEMENT

Co-operative farms have sometimes been managed by experienced govt. servants who had been in service for 10 to 15 years in a number of departments. A supervisor of land development ordinance in the Land Commission having dealt with youth schemes based on individual ownership is sometimes placed in charge of a co-operative farm. An inspector of the Co-operative Department having 10 to 15 years experience in supervising consumer Co-operative Societies takes over the management of a Co-operative farm. A development officer who is a young graduate with little experience in govt. departments also takes over the management of such a farm. Some times young people with hardly any experience in management also are placed in charge of these schemes. As can be expected, the styles of managements of these people with a wide variety of background vary from each other.

Some managers think that they themselves are more or less like estate superintendents and attempt to act in that role. They think that the members of co-operative farms are same as the labourers of privately owned tea estates. This class of people are expected to receive instructions and carry them out. There is no question of participation by the members in the management decision making of the farm.

Some managers who have had experience with individually owned farm lands are very often biased in favour of such schemes. Any problem that arises in the management of co-operative farms is interpreted as the manifestation of the weakness of the co-operative system of farming as against individual systems. One doubts whether such people would make an honest and consistent effort to implement co-operative schemes. It is on the other hand possible that they are consciously or otherwise making an attempt to confirm their own convictions that the co-operative system of farming is bound to be a failure in Sri Lanka.

The young inexperienced managers very often do not have a managerial philosophy behind their behaviour. They take up issues as they come and on some occasions they behave in a democratic fashion and at some other times they are rather dictatorial.

### Planning & Control

Plans of co-operative farms are very often found to be broad and superficial in nature. That amount of detail/<sup>that</sup> is required for control purposes is very often undeveloped in these plans. It is often found that about 75% of expenditure in most of these farms is on labour. Thus it is very clear that continuous efforts should be made to plan and control the use of labour in order to save on costs. Ironically this is one area where the least amount of planning and control is exercised in co-operative farms.

As far as the crop development programmes are concerned although many farms have target acreages for each crop, no time schedules or labour allocations are developed as detailed plans in order to facilitate continuous control in these aspects.

#### Discussion Making

The Boards of Directors of co-operative farms are often dominated by one or two persons who have often the least amount of rapport with the general membership. Very often decisions tend to be taken without taking the views of membership into account. Extraneous considerations, insufficient consideration of relevant factors, and lack of consultation with general membership often lead to decisions which adversely affect the progress of co-operative farms.

#### 4. A SOCIAL AND ECONOMIC MODEL

It might be useful to develop a theoretical or ideal model society and economy as conceived by different groups of people at least through discussions if not through writings. Officials who design and develop these farms, the active members of the farming researches, politicians and many others have contributed towards building such a model but no body seems to have put the peices and elements together.

#### 4.(1) SETTLEMENT - HOME GARDENS

The model society of the co-operative farm would have one or several settlements where small home gardens are located together inside the farm, where a large number of farm families would live. The scattered individual settlement of 2 to 4 is replaced by a  $\frac{1}{4}$  or  $\frac{1}{8}$  acre allotment which stands together with other home gardens.

#### 4.2 COMMUNITY PLOT

The main agricultural land of the farm would be in one collective block owned in common and developed by the labour of all members. This land would yield a good income to all members.

#### 4.3 INDEPENDENT

The farmers would be independent from external influences in making decisions regarding their farm. The managerial and technical skills required for the farm would be available among the members.

#### 4.4 PARTICIPATIVE MANAGEMENT

Management in the farm would be broad based and all members would participate decision making process would be democratic.

4.5 FAMILY OF FARMERS

The community would be a farm community and each family would have several members working at the farm. Large numbers of people in the settlement who would otherwise have been unemployed would be productively engaged in agriculture. To a large extent the farmers would be self sufficient in their basic needs.

4.6 LITERATE COMMUNITY AND SOCIAL COLLABORATION

The community would be mostly educated farmers and they would collaborate to a high degree in social and cultural life.

4.7 LESS DEPENDENT ON GOVERNMENT

Unlike the colonists in major colonisation schemes, the co-operative farm members would be not fully dependent on government help at every point of their needs. The farmers would make optimum use of government assistance and would be self reliant.

4.8. HIGH STANDARD OF LIVING

Through the income generated in the common plot of land which is intensively cultivated and through the vegetables and fruits grown in the individual home gardens the farm family enjoys a high standard of living. Some members of the farm family would be engaged in agro-based industries.

4.9 FACILITIES

Common facilities like roads, post offices, schools, electricity, water etc., can be provided by government at low cost to these compact settlements.

4.10 PART OF GENERAL COMMUNITY

The farm community would be an integral part of the neighbouring communities and would be looked upon to provide leadership.

4.11 PROFITABLE ENTERPRISE

The farm itself would be a profitable collective enterprise generating a surplus partly used for re-investment and also for profit sharing among members.

5. Divisional Development Council Agricultural Projects.

## 5.1 Introduction.

The objectives of the Government in starting DDC agricultural projects were as stated in para 1.2. of this paper. In addition to these broad objectives applicable to DDC projects (as much as co-operative farms) some important aspects of special significance to DD<sup>C</sup> projects may be noted.

The need to start small projects in a large number of village areas was recognised. This action enables the productive use of land in many areas as well as the regional dispersion of employment opportunities. The emphasis was on youth. Profit sharing and self management were considered desirable aims and the 'employee' mentality was to be avoided. It was also desirable to keep to a maximum the capital expenditure per unit of employment created under this scheme.

DDC agricultural projects should be considered as a part of the overall programme of DDC schemes where a rich variety of productive agro-industrial units are organised and maintained.

There are over 500 DDC agricultural projects scattered throughout the country. In their size and nature the range of variation in these schemes is large. Without a comprehensive study based on scientific sampling procedures it would be unreasonable and inaccurate to make decisions about these schemes. The studies that have been done by us are based on an extremely small ad hoc type of sample and do not justify making remarks of universal application on DDC farms. These thoughts are thus offered like hypotheses that have to be tested through further research.

## 5.2 Two stages of development.

From 1971 to mid 1975 the DDC agricultural projects were in their 1st stage of development as far as organisational aspects were concerned. Wherever possible the existing Multi Purpose Co-operative Societies provided the institutional support and very often financial and managerial assistance as well for these small schemes. Special co-operative societies have been formed in several large farms like Middeniya.

The second stage of development started in 1975. From mid 1975 onwards Development Co-operative societies have been created and the DDC projects are in their charge. The re-organisation is still in progress.

The relationship between the MPCS and farm projects may have taken different forms in several instances. It was noted that sometimes the Societies in charge of these farms treated members who worked in them like wage labour and got the worse for it through ultimate loss and failure. The MPCS were understandably not used to management of similar development projects for their main if not the concern hitherto had been the trade in consumer goods.

### 5.3 Need for Classification of Schemes.

In a detailed study of DDC farms there is the need for a classification of the schemes on different criteria. For example the dry zone and wet zone projects may have different characteristics and even within dry zone projects one could differentiate between schemes with and assured supply of water and those fully dependent on rains. Farms organised on an individual plot basis and those organised on collective basis would be another classification.

### 5.4 Settlement

The DDC agricultural projects need not be considered as settlements in the strict sense. The members are generally drawn from the neighbourhood of a farm and are expected to continue living in their homes and commute to work in the farm daily. It is however possible that some of the more successful farms may ultimately develop to settlements.

### 5.5 New Forms of Social Organisation

It cannot be said that new forms of social organisation or relationships were planned for and envisaged in DDC agricultural projects based on individual allotments. In the co-operative farms however, there were expectations of such a new social structure based on common ownership of agricultural land. There were several programmes like the Youth Schemes, village expansion schemes, settlement programmes of major development schemes etc. which had a broad similarity with the DDC farms organised on the individual allotment basis. The difference however, was that in the DDC farms the agricultural land was not allocated through a legal document as such. In the farms organised on a collective basis on the other hand the prospects were novel there as well as in co-operative farms. We have not been able to examine farms under DDC projects where the land was cultivated in common.



#### 5.6 Relations among Members

In projects organised on an individual basis there is not as much social cohesion among the group members as is found in a co-operative farm. The situation is more close to a Youth Scheme. Each person considers his allotment to be the concern of himself. In small schemes where facilities like water pumps are to be shared among the total group the success of the schemes depends to a great extent on the social collaboration and harmony achieved in such practices. The fact that members were not resident in the farm too did not help in building stronger bonds among them.

#### 5.7 Village and the Farm

The farms under DDC schemes usually do not develop into stable social units of significance in the rural setting. The small size of the group, lack of internal cohesion often due to the underlying division on the basis of agricultural activity and the return of the youth to their homes every evening after work seem to have led to a situation where the youth continue to be more a part of the village society than any new social grouping associated with the DDC. Thus the farm itself becomes the village farm and often a number of people from a family may work in a members plot. This is in contrast to the practice in a co-operative farm where the member of the family of a settler will not assist him in his collective enterprise. This practice probably helps to enhance the projects and minimise losses in DDC farms. It also helps to adjust the labour inputs in terms of the fluctuating farm needs. These two aspects, the large money expenditure on labour and the difficulty of employing a given and stable labour force (of membership) throughout the year however, have become problems in co-operative farms.

#### 5.8 Emphasis on Collective ventures

With the second phase of DDC projects the authorities are keen to develop collective farms of organisation. The nature of DDC projects are such that it might be more difficult to promote these practices in them than even in co-operative farms. This however is only a hypothesis and has to be tested in time.

#### 5.9 Officers and Members

The officers related to DDC farm projects did not exert as much control over these farms as did the officers in charge of co-operative farm. The fact that the DDCs were mostly organised on individual lives paved way for lesser control by the officers. Officers were often in charge of several schemes.

5.10 Economic Aspects of DDC Projects

As there are a large number of projects scattered throughout the island the economy of a particular farm could be much different from that of another. The climate, land, crop mix, source of water supply, infrastructure facilities, location in relation to markets and many similar factors affect the economy of a farm. Several farms that we had occasion to study can be discussed.

Middeniya is one of the largest DDC farms studied over an year ago. The main crop was chillies and the farm was totally dependent on rains. We examined the costs and returns of a sample of farm plots over four seasons and noted that with partial crop failures in three seasons out of four the individual farmers could break even. This was because of the relatively high prices obtained for chillies and the high labour cost component in the farms. If there are repeated draughts the farmers are in economic distress; unless a supporting scheme like crop insurance is made effective.

In farms like Thanigala at Anuradhapura where lift irrigation is resorted to and paddy is cultivated the economic outcome is satisfactory and there is economic stability. Much of organisation at the farm level, technical extension work and co-operative practices might help in the development of these farm economies.

COOPERATIVE FARMING

IN

INDIA

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NATIONAL COUNCIL OF SRI LANKA

COLOMBO

## COOPERATIVE FARMING IN INDIA

Cooperative farming is a subject of acute controversy in India. Perhaps it is for the first time in the history of cooperative movement of India that the benefits accruing from a cooperative venture- cooperative farming are being seriously questioned. Before I go into the details of this system I should like to explain what cooperative farming really means to us? A cooperative farming society is voluntary organisation based on the ideals of self-help and mutual aid. The members of the society pool their bits of land and cultivate them jointly. In a way it is an application of the concept of Joint Family System to agriculture. The members who form a society retain their proprietorship over land and also their sense of individuality. But in India this has been misunderstood partly due to mass illiteracy and lack of widespread education and publicity etc., and partly due to propaganda of political parties who wanted to make fortunes out of the Indian National Congress decision in the Nagpur Session. Most of us find it difficult, to differentiate between a cooperative joint farming society and collective farming society. Moreover we hardly take pains to study the basic differences between a cooperative farm of Russia. The confusion about terminology is augmented by the fact that in English the adjective 'Cooperative' also stands for "Joint". I, therefore, feel it necessary to trace the history of Cooperative Farming before I discuss its salient features successes and lessons for other countries.

### TRADITIONAL FORMS OF COOPERATION IN FARMING

To give an insight into the historical background of cooperative farming the traditional form of cooperation in farming is discussed below. The traditional form of cooperation in farming has a long history in India. In DAN district of Bombay and in many other Adivasi areas as well as in the N.E.F.A., the joint cultivation of land has been practised before the passing of the cooperative Societies Act 1904. Indian farmers are known to cooperate with one another to make good deficiencies in bullocks, implements, seeds, as also to improve irrigation facilities, counteract water logging, weed out havoc of wild life nuisance, etc. Temple lands and village common lands were also cultivated jointly. It has been noticed that in Madhya Pradesh and Uttar Pradesh at the time of harvesting, teams of labourers move from Jhansi and Lalitpur districts to Sagar, Bhilsa and other areas. They take up harvesting of crop in a village and move on to the next and so on. Remuneration is received by them in terms of percentage of the total crop harvested.

Each group has a leader who negotiates the terms with the local cultivators and distribute the income among the participants. In Bombay (Nagpur and Vidarbha region) also the agricultural operations such as deep ploughing, removal of weeds or reclamation of patches of waste lands are undertaken by a group of people usually landless workers, on piece work basis. This is locally known as Hunda. In Punjab also, a system of joint work at the time of harvesting and weeding operations exists and is known as Mang and Ahwat.

In western parts of Kelhapur district of Bombay State (now part of Gujrat) joint farming has been widely practised in regard to sugarcane for over 100 years at least. The method is known as Phad.<sup>1</sup> The participants in a Phad pool get together their resources of land, labour and equipment. All cultivation operations are jointly carried out and after meeting the working expenses, the net amount is divided equally among the members. In certain areas of Anantpur district of Andhra Pradesh, joint cultivation has been practised on traditional lines. The system is known as Gonch.

Hence traditionally we are not averse to cooperative farming. However, modern thinking on cooperative farming has made it a powerful weapon for the economic growth of India.

#### MODERN SYSTEM OF COOPERATIVE FARMING:

The cooperative Planning Committee 1945 recommended that for a permanent solution of the problem of increased agricultural production, some form of large scale cultivation was necessary<sup>2</sup> and recommended cooperative farming for adoption. The committee pointed out four types of cooperative farming societies, namely:

(a) Better farming society (b) Tenant farming society, (c) Joint farming society and (d) Collective farming society.

The recommendations of this committee made a landmark in the history of cooperation. All the four types of cooperative farming societies came into existence as a result of the recommendations made by this committee.<sup>3</sup>

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1. For details see Report of the Working Group on Cooperative Farming, Vol. 1, Ministry of Community Development and Cooperation, Government of India, 1959, p. 24.

2. Report of the Cooperative Planning Committee appointed by the Government of India on the recommendation of the Fourteenth Registrars' Conference, Manager of Publications, Delhi, 1952, p. 24.

3. According to an enquiry carried out by I.C.A.R. Food and Agriculture Organisation in 1951 there was approximately 300 cooperative farms

TYPES OF COOPERATIVE FARMING SOCIETIES:

(a) Better Farming Society: The Society is designed to introduce improved methods of farming. Generally the society lays down the plan of cultivation agreeable to all. It may undertake joint purchase of seed, manure, insecticides, pesticides and weedicides. The work of pooling, cleaning, grading and selling of produce as well as joint ploughing, harvesting, joint arrangements for watch and ward, joint use of machinery may also be taken up by the society. One society may undertake one or a number of functions. Each member is, however, independent except for the specific purposes for which he joins the society. Patronage dividend are given to members at the end of the year.

(b) Tenant Farming Society: For pursuing farming a society is formed which owns land in freehold or lease hold, but its holding is divided into smaller holdings, and given to members of the society. The society prepares plan for whole area, but the execution of the plan is left to the discretion of each individual tenant. The society arranges for the supply of farm requirements including costly implements for the members. The tenant pays a fixed rent for his holding. He is owner of the produce which may be sold through the society or in any way liked by him/ This type of society replaces the superior land-lords and the profits after meeting all expenses and providing for a reserve fund are distributed among the tenant members in proportion to the rent paid by each member tenant.

(c) Cooperative Joint Farming Society: <sup>1</sup> A Cooperative joint farming society pools land of its members whose separate holdings are not large enough to permit an economic farming. Members work on the pooled land in accordance with the direction of an elected committee and the manager appointed by it. They work jointly and each member receives wages for his daily labour. The ownership of each member in his holding continues and is recognised by the payment of a dividend in proportion to the value of his land. The produce which is raised collectively is also disposed off collectively, and the proceeds after meeting all the expenses of cultivation including payment for the use of land, wages and cost of management and providing for a reserve fund are shared by the

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with a total of 35,000 acres in India. Of these 220 are cooperative of Joint Farming type. The other cooperatives are of the collective farming type, Further were 460 cooperative farms of the individual type, known as 'better farming societies' and 'tenant farming societies', The development as the report says 'is encouraged by the State Government by subsidies and other facilities.' (Source: Progress in Land Reforms, United Nations N.Y.: 1954, p.247.

1. For details see Bye-laws of the Cooperative Farming Societies.

members in proportion to the wages earned by each. The ordinary functions of this form of society are the planning of a crop programme, the joint purchase of farm requirements and joint sale of farm produce, raising of funds for the security of land, crops and other movable and immovable assets of the society for land improvement, purchase of machinery and payment of operational expenses, land improvement and all other activities calculated to promote the development of agriculture. A subsidiary agreement is generally made between the society and each member that if any improvement is made on his plot of land he will repay its cost when he ceases to belong to the society.

In 1960 the Government of India has indicated the broad guiding principles in connection with the organisation of cooperative farming societies which may be summarised as follows:

1. The societies should be organised voluntarily, There should be no compulsion in any form.
2. The bulk of the members should be small cultivators or land-less persons.
3. Membership of cooperative farming societies should be confined to those who are prepared to work on the farm or in its ancillary activities. Absentee landowners should not ordinarily be admitted as members. Persons who are prevented from participation in farm work on account of physical disability, government service, age, sex, or owning land in more than one village may be admitted although they may not participate in farm work. The absentee landlords taken together as a group, should not exceed  $\frac{1}{4}$  of the total membership of the society.
4. Land should be pooled for a minimum period of 5 years. Withdrawal during this period might be allowed in exceptional circumstances, e.g., a member leaving the village.
5. Intensive cultivation through labour intensive methods should be the main activity of the farm. However, ancillary activities like poultry, dairying, cottage and small scale industries should also be promoted. Maximum utilisation of local resources should be stressed.
6. Good working conditions and better human relations should be created to reduce tensions and facilitate working together.
7. Societies organised merely for securing financial assistance should not be helped.

8. The programme of consolidation of holdings should be coordinated with cooperative farming. It will be desirable to start pilot project societies in areas where consolidation work has been completed or where it is in progress. Consolidation of holdings should, however, not be pre-requisite to the formation of societies.

(d) Collective Farming Society: In collective farming the society holds the land on free-hold or lease holds basis and also the other means of production. It undertakes joint cultivation. As the individual membership is not there no return is paid on this account and the profits are distributed in proportion to the work done by the members. Such societies are generally formed on Government land newly brought under cultivation. But this must not be confused with the collective farms of Soviet Union known as 'Kolkhozes'. No doubt, there are certain points of similarity but these cannot wipe out the chief difference. The collective farms (kolkhizes) are a typical product of the Socialist reconstruction of Russia which came into existence under Lenin's Cooperation Plan. At present they are subject to government control and are working under the guidance of the communist party.

In the above mentioned four types of cooperative farming the 'service cooperative' can be added as the fifth category of cooperative farming society. In a service cooperative society the individual members maintain title of their land; management is done on an individual form on family basis; but marketing, supplies, credit, processing and other services are provided to members by the society.

Dr. Otto Schiller, Professor of Agricultural Economics, West Germany, has advocated for a new type of cooperative farming namely 'individual farming on cooperative lines for the speedy development of agriculture. The essence of individual farming on cooperative lines, may be described as follows: 'All functions, which cannot be executed in the limited boundaries of a single small farm, or are beyond the capacity of the small holder, such as planning including field arrangements and cropping scheme, the financing of investments, the keeping of large sized equipments, the wholesale supply and marketing etc., should be turned over to the cooperative society for improved individual farming. All other functions of farm management which can properly be executed within the boundaries of a single small farm should remain with the independent individual.

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1. For details see Dr. Otto Schiller, Cooperative Farming and Individual Farming on Cooperative Lines, All-India Cooperation (Now National Cooperative Union of India), New Delhi, p. 17.



Broadly speaking, all these types of cooperative farming societies represent different degrees of cooperation. The farming societies like service cooperatives and better farming need lesser degree of cooperation than the joint farming and collective farming. However, collective farms of Russia are a category by themselves. They represent cooperation under controlled economy and Communist Party. The concept of 'individual farming on cooperative lines' is a mid-way between the two existing extremes which in course of time will lead to the development of cooperative farming in developing countries in a suitable fashion as demanded by the nation concerned.

It is said that the service cooperatives, cooperative better farming, tenant farming and 'Individual farming on cooperative lines' are not cooperative farming societies as they do not fulfil the fundamentals of a genuine cooperative farming society which consist of:

- (a) Pooling of land (and other resources) for joint management.
- (b) Joint managerial and manual work; and
- (b) Payment for work and resources pooled by the members.

However, in view of the present unsatisfactory progress made by the Collective & Joint Cooperative Farming Societies, it can be recommended to adopt a system of cooperative farming which may not require pooling of land. Emphasis should rather be given on pooling of services, resources, managerial talents and other where withals necessary for agricultural development. Pooling of land should be the last choice of the members.

#### COOPERATIVE FARMING UNDER FIVE YEAR PLANS:

In the light of the recommendations of the Congress Agrarian Reforms Committee appointed in 1948 and experiences gained from the working of the existing societies the policy of encouraging formation of cooperative joint farming was introduced during the First Five Year Plan.

#### FIRST FIVE-YEAR PLAN:

The First Plan suggested that "small and middle farmers in particular should be encouraged and assisted to group themselves voluntarily into cooperative farming societies".<sup>1</sup>

The objective put forth in the Plan was cooperative village management so that all the land, manpower and other resources of village

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1. Report of the Working Group Vol1, p.22.

may be organised and developed for the benefit of the village community as a whole. As an immediate programme, both small and medium-farms are to be encouraged and assisted to group themselves voluntarily into cooperative farming societies. Gradually as cooperative farming will develop, the entire area of the village, both cultivated and uncultivated will be brought within the cooperative fold and managed as if it was a single farm. Accordingly planned experiments were recommended during the First Plan with a view to evolving suitable methods and techniques of cooperative farming under Indian conditions. Due to sentimental attachment with the land the progress achieved during the First Plan was negligible. Thus the efforts which began with enthusiasm were given up as failures.

However the physical targets were achieved in the organisation of societies during First Plan because of the exemption of non-cultivating members if the cooperative societies from the application of certain provisions of the tenancy legislation<sup>1</sup> and policy of the Government in respect of leasing out agricultural waste land to cooperative farming societies. Consequently in many cases these societies have led to evasion of tenancy legislation so that the members could engage themselves in activities other than farming.<sup>2</sup> Moreover, during this period all the four types of cooperative farming societies were encouraged. Under these conditions the Second Five Year Plan was implemented to weed out the loopholes of the system.

#### SECOND FIVE-YEAR PLAN:

By the time the Second Five Year Plan was drafted sufficient experience was gained in organising societies and making assessment of the problem involved in it.

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Cooperatives, Government of India, May 1957, pp. 186-187.

Notes: (a) This Committee was in favour of cooperative farming in which land is pooled together and used jointly under a well planned programme without effecting the rights of individual members on land.

(b) Two members of the Delegation submitted their note of dissent. The leader of the delegation made his observations over the note of dissent in order to clarify the stand of majority of the group in favour of cooperative farming.

1. Laxminarayan & Kanungo, Glimpses of Cooperative Farming in India, Asia Publishing House, Lucknow, 1967, p. 110.
2. See: Government of India, Planning Commission, PEO, Studies in Cooperative Farming, 1956. (Also quoted in the Glimpses of Cooperative Farming in India, p. 141)

The Second Five Year Plan laid down the task of providing a sound foundation for the development of cooperative farming so that over a period of 10 years or so a substantial portion of agricultural land is cultivated on cooperative lines.<sup>1</sup> The following action was recommended in the Second Plan to achieve the aim.<sup>2</sup>

1. In each district and later on in each national extension and community project area experimental or pilot projects in cooperative farming should be undertaken with a view to evolving better methods of management and organisation. These centres should be developed into practical training centres for cooperative, agricultural and other extension workers.
2. As far as possible, surplus areas which become available on the imposition of ceilings on agricultural holdings should be settled along cooperative lines.
3. Farms smaller than the prescribed basic holding should be brought into cooperatives to which surplus lands are allotted, provided their owners agree to pool their lands. When consolidating holdings, lands belonging to persons with very small holdings should be located as near as possible to the pooled lands, so that these cultivators who may not join cooperative farms immediately may find it convenient to do so at a later stage.
4. Special attention should be given to existing cooperative farming societies, many of which are functioning indifferently, and steps should be taken to put as many of them as possible into good condition so that their success may serve as an incentive to others to form cooperative farming societies.
5. Groups of persons should be encouraged to form cooperative farming societies. These cooperative farming societies should be provided with technical and financial help for starting cottage industries, dairy farming and horticulture so that the cooperatives may be in a position to provide non-agricultural employment to their members and others associated with them

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1. Second Five Year Plan, p. 201.

2. For details see: Second Five Year Plan.

6. In tribal areas, where communal ownership is still the common practice, as settled cultivation is introduced, steps should be taken to develop agriculture on cooperative lines.
7. An extensive programme for training in cooperative farming should be organised.

The Indian National Congress, considered the question of future agrarian policy and discussed the place of cooperative farming in India. The Congress gave a serious thought to the problem which resulted in a clear cut policy on cooperative farming. From here begins the scientific development of cooperative joint farming in India.

In January 1959, the Nagpur Resolution of the Indian National Congress defined the role of cooperative farming in the country as follows:

"The future agrarian pattern should be that of cooperative joint farming in which the land will be pooled for joint cultivation, the farmers continuing to retain their property rights and getting a share from the net produce in proportion to their land. Further, those who actually work on land whether they own the land or not, will get a share in proportion to the work put in by them on the joint farm".

"As a first step, prior to the institution of joint farming service cooperatives should be organised throughout the country. This stage should be completed within a period of three years. Even within this period, however, wherever possible and generally agreed to by the farmers, joint cultivation may be started."

Therefore, in March 1959, the Lok Sabha adopted the following resolution:

"This House recommends that during the next three years every possible effort should be made to organise service cooperatives all over the country and to develop the spirit of cooperation in general so that cooperative farms may be set up voluntarily by the people concerned wherever conditions are mature".

During discussions in the Lok Sabha, Shri Jawaharlala Nehru further emphasised the voluntary character of cooperative Farming and stated:

"I shall go from field to field and peasant to peasant begging them to agree to it. Knowing that if they do not agree, I cannot put it in operation".

After the passing of the Nagpur Resolution and its approval by the National Development Council the Planning Commission and the Ministry of Community Development and Cooperation (Department of Cooperative) took up the work of organising cooperative joint farming societies

enthusiastically. A working group was also appointed by the Government of India in 1959 to help in the formulation of an action programme on cooperative joint farming. The group came to the conclusion that there is ample scope for the development of cooperative farms and made some recommendations (see Appendix 'A') which were more or less the same as already pursued during the plan. In 1960 the Ministry of Community Development and Cooperation indicated to the State Government the pattern of organisation, assistance etc., of cooperative joint farming societies (Appendix 'B'). Accordingly provisions were made in the Plan for providing financial, technical managerial help to the societies for their rapid growth. No doubt, the desired results were achieved. The number of societies increased from about 2000 cooperative farming societies functioning in different parts of the country at the commencement of the Second Five Year Plan to 5,409 in 1960. However, no specific provisions were made for organising only cooperative joint farming and collective farming societies. As a result of it societies other than these also increased from year to year and enjoyed the facilities which should not have gone to them. This necessitated revision in the policy and a clear cut criteria for a cooperative farming society which may be eligible for financial help under this scheme. It was done, under the Third Five Year Plan.

#### THIRD FIVE-YEAR PLAN:

A detailed programme for the development of cooperative farming was formulated for the first time in the Third Plan. The plan provided for the organisation of 318 pilot projects, one in each district, comprising in all 3,180 cooperative farming societies and for support and encouragement for cooperative farming societies which might come up voluntarily through local initiative. In order to boost up the programme of organising cooperative farming societies in pilot areas the Central Government<sup>1</sup> announced the programme of providing assistance and its sharing between Centre and State. These finances were made available during the Third Plan.

Due to this encouragement the cooperative farming programme had a good response in states like Punjab, Uttar Pradesh, Maharashtra, Rajasthan, Madhya Pradesh, and Kerala. By the end of December 1965, 2,85 societies in the pilot areas covering 2,64,245 acres and 2,527

1. Vide letter No. F.3-6 /60.C.F., dated June 17, 1961 issued by the Ministry of Community Development and Cooperation (Department of Cooperation), (Cooperative Policy and Programme, Important letters and Schemes, Part 11, NCUT, New Delhi, 1964), p.44.

societies in non-pilot areas covering 2,80,840 acres were organised.<sup>1</sup>

A number of other measures were also taken during the Third Plan to accelerate the tempo of organising cooperative farming societies, on the principles which lay behind the proposals of the working groups. For example, finances were provided, legislative measures were taken, continuous guidance was made available, incentives for organising societies in Bhoodan and Gramdan villages were provided, arrangements were made for training in cooperative farming and publicity work was intensified. Moreover, in 1963, it was suggested that development of agro-industries should be included in the production plan formulated by the cooperative farming societies.<sup>2</sup> But the programme of organising societies (pilot projects) could not be achieved in a number of states.

#### FOURTH FIVE-YEAR PLAN;

The Plan has stressed the role of cooperative farming in the reconstruction of the rural economy. It has been suggested that the programme of cooperative farming should not get isolated from the mainstream of agricultural development and should be looked upon as an important element in schemes for achieving new advances in agriculture. During Fourth Plan efforts were being made to promote cooperative farming as one of the important means of assistance to poorer societies of the farming community. The Plan says that 'apart from cooperative farming in the sense of pooling of land and joint cultivation there may be prospects for providing certain basic facilities, eg., a common pumping set or a common tractor to group of cultivators to start with. As their activities grow, other functions can be added gradually and cooperative farming societies might come into existence as a result of this process.

Before implementing the cooperative farming programme during the Fourth Plan, the Committee of Direction<sup>4</sup> appointed by the Government of India in 1963 under the Chairmanship of Professor D.R.Gadgil recommended

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1. Fourth Five Year Plan (Draft Outline), p. 143.
  2. Cooperative Policy and Programmes, Important letters and Schemes relating to cooperative development, Part ii, NCUI, New Delhi 1964, p. 35
  3. Fourth Five-Year Plan (A Draft Outline), p.144.
  4. For details see report of the Committee of Direction on Cooperative Farming, Government of India, Ministry of Community Development and Cooperation, 1965.

in its report submitted in 1965 that special attention must be paid to consolidation rather than expansion and that whatever expansion is aimed at, should be based on purposive selection of areas in each state for starting intensive programmes.<sup>1</sup> This was taken into consideration. However, Planning Commission suggested that 'the objective in the Fourth Plan should be to cover an additional one million acres of land under the operation of cooperative farming societies. In other words the objectives was for cooperative societies, both existing societies and societies to be started newly, to cover about 1.5 million acres of land at the end of the Fourth Plan'.

To cover one million acres of land under cooperative farming about 10,000 new societies were to be organised as the average under a society was expected about 100 acres. The phasing was suggested like this:

<u>TABLE NO.</u>		
1966-67	...	700
1967-68	...	1,500
1968-69	...	2,000
1969-70	...	2,500
1970-71	...	3,300
	TOTAL	10,000

The greatest emphasis during the Plan has been in providing assistance to the small and uneconomic holders. Moreover, it was suggested to organise agro-industries as the capacity of cooperative farming societies to provide large employment has increased with the undertaking of programmes for land improvement and capital works and undertaking of allied activities such as dairying and sheep rearing and the development of non-farm occupation.

During the Fourth Plan, measures were taken to intensify the programme in Government 'khas' and waste lands especially with landless labourers as members. The programme for resettlement of landless labourers was also integrated with the programme of cooperative farming as far as possible.

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1. Annual Report - 1974-75, Ministry of Industry & Civil Supplies, Govg. of India, N. Delhi.

\* Vide letter No. 19-5(2)65 Agriculture, Government of India, Planning Commission of Nov. 1, 1966, addressed to the Chief Secretaries to the Government of the States/Union Territories.

The pattern of assistance of cooperative farming in the Fourth Plan was also changed. The Central Government provided 75 per cent as loans and 25 percent as grants where grant expenditure was involved. The total provision made for cooperative farming in the Fourth Plan (Draft Outline) was Rs.18.00 crores in the Central sector and the State sector. The pattern of assistance in the Fourth Plan is given in the appendix A & B including the pattern of assistance for State and district cooperative farming federations.

The progress made in the field of Cooperative farming can be had from the fact that more than 9700 such societies with a membership of nearly 2.70 lakhs commanding an area of about 5-25 lakh hectares were working in India as on 30-6-1974.\*

#### FIFTH FIVE-YEAR PLAN:

In the Fifth Plan, cooperative development will have four specific objectives. The first objective is to strengthen the network, of agricultural cooperatives (credit supply, marketing and processing) so as to serve as the principal institutional undertaking for a process of sustained agricultural development. The second objective will be to build up a viable consumer cooperative movement to enable it to function as an important element in a consumer oriented distribution system. The third objective is to make efforts towards the correction of regional imbalances in the level of cooperative development particularly in the sphere of agricultural credit. Finally special efforts will be made towards restructuring and reorienting the cooperatives so as to shift the focus of their activities increasingly in favour of small and marginal farmers and other under privileged section of the people.

It has been decided to try out in certain areas where small and marginal farmers are to benefit and the cooperative system is weak a new concept of a Farmers Service Society, postulated by the National Commission on Agriculture and developed further by a Study Group. This society, while keeping the cooperative frame substantially intact would really act as a guided cooperative with its activities focussed mainly on the economy of the small and marginal farmers and agricultural labourers. It will have professional management generally under the supervision of

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Of these, the number of Joint Farming Societies was 4985 commanding an area of 3.19 lakh hectares. The number of collective farming societies was 4740 with a commanding area of 3.06 lakh hectares. With this background the Fifth Five Year Plan has recommended a new direction to the cooperative farming.



a commercial bank which will loan the funds required by the society. It will be necessary to work out this system on an adequate scale and improve it so that the benefits may reach the small and marginal farmers in the various development programme contemplated in the Fifth Plan. An Expert Group constituted by the Government of India on the cooperative credit structure in the tribal areas have recommended the organisation of large sized credit-cum-marketing societies on the pattern of the Farmers Service Society for these backward areas. As the programmes for scheduled tribes will be substantial in the Fifth Plan, this concept will have to be introduced on a large scale.<sup>1</sup>

#### A CRITICAL APPRAISAL:

How far the cooperative farming is successful in India, can be judged from the findings of the summary of the results of investigations made by various organisations in different states of India.<sup>2</sup> Due to strong ties with the land which may be described as religious, emotional & economic the farmers are not willing in general to pool the land. Land commands the status of Mother according to Hindu Mythology. Hence giving up the land is impossible unless the educational standard wipes out the emotional whims. In practice, not of course compulsion but baseless assurances regarding government help were given by the field staff to fulfill the targets. Big land lords were allowed to form such societies to avoid the implications of Land Ceiling Act or to take advantage of consolidation of holdings programme and financial help available under the programme. The provision regarding exemption of non-cultivating members of the cooperative societies from the application of certain provision of the tenancy legislation also increased the number of such societies. In societies which came into existence under these circumstances the programmes like intensive method, double cropping and development of ancillary activities to utilise local resources have not been given due priority, nor did they help in increasing production or employment opportunities. The joint cultivation work carried out under joint family system was rearranged to organise a cooperative joint farming society. Moreover, in the beginning a number of societies like Better Farming and Tenant Farming were also organised to take advantage

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1. For further details see Report of the Committee of Direction on Cooperative Farming, Ministry of Community Development & Cooperation, Government of India, 1965.

of the facilities assured under the programme. The government has taken note of such discrepancies in the implementation of this programme but a number of such societies which may not be called genuine, still exist. It will be in the interest of the nation to wind up such societies. The government should dissociate herself from such societies. The Second Five Year Plan laid down a course of action for the development of cooperative farming. One of the recommendation was that in each district and later on in each national extension and community project area experimental or pilot projects in cooperative farming should be undertaken with a view to evolving better methods of management and organisation. These centres were to be developed into practical training centres for cooperative, agricultural and extension workers. Another recommendation was regarding extensive training in cooperative farming. Yet another recommendation was to take care of societies functioning indifferently and place as many of them as possible into good conditions so that their success may serve as an incentive to others to form cooperative farming societies. Contrary to these recommendations the the field staff followed the shortcut method of increasing the number of societies to fulfil the targets in complete disregard of the spirit behind the scheme. The state governments have also failed to evolve better methods of management and organisation. Provision for extensive training in cooperative farming were not made by the state cooperative unions nor the state advisory boards have proved effective in guiding the societies. Without investment in education and training the cooperatives cannot be placed on sound position. Hence it is recommended that the National Cooperative Union and the State Cooperative Unions should be strengthened to carry out this work on a large scale. The Universities should also be encouraged to introduce courses on cooperative management for the benefit of the personnel of the cooperative department, field staff and other workers. The Third Five Year Plan suggested a number of measures to accelerate the tempo of organising cooperative farming societies. During this period finances were provided, legislative measures were taken, continuous guidance was assured, incentives for organising societies in bhodan and gramdan villages were provided, training facilities were enlarged and publicity was given to make the programme a success. But the public servants and the financing agencies were not enthusiastic in carrying out the programme because a good deal of time and energy, which should have been devoted to educating, training and reorienting the people and workers - officials as well as non-officials and demonstrating the techniques and method that make the cooperative farming

societies a success, was not fully utilised. As a result of it though the number of societies was increased, but viewed from the point of view of agricultural production and better employment opportunities, they were lagging much behind the expectations. Thus the Committee of Direction appointed by the Government of India in 1963 recommended that special attention should be paid to consolidation rather than expansion and that whatever expansion is aimed at, should be based on purposive selection of areas in each state for starting intensive programme. It was a timely warning to the policy makers. In order to place the Cooperative Joint Farming societies on sound footing the pattern of assistance was changed and emphasis was laid on providing assistance to the small and uneconomic holders. Moreover, it was suggested to organise agro-industries and develop allied activities such as dairying and sheep-rearing and the development of non-farm occupations. But all this proved fruitless in the absence of an organised programme for the development of cottage and small scale industries prior to 1963. Even after 1963 adequate finances were not provided for the development of rural industries under cooperative farming programme. Naturally, in the absence of financial help and well defined programme, the cooperative farms did not develop, and the employment potential, with the exception of employment generated due to land improvement, did not increase, Capital works and certain other activities such as dairying, poultry farming, sheep-rearing started on the initiative of farmers on selected farms. But in view of huge expenditure incurred by the centre as well as the state governments on this programme, the increase in production and employment opportunities created through allied activities has been negligible. The programme has failed in convincing the masses about its further expansion without purging the loopholes. It can be suggested that the government should withdraw its share capital from societies which are not genuine. The loans and managerial subsidy should not be given to the cooperative farming societies established by big land lords or members of a family to take advantage of the scheme. Every state should appoint a committee to go into the details of this problem and suggest remedies. During the Fourth Five Year Plan, the programme of developing agro-industries on cooperative farms was more specific and various financial agencies like Central Cooperative Banks, Agro-Industries Cooperation, Industrial Development Cooperation, Commercial Banks, Khadi and Village Industries Commission were expected to take up the work of financing different types of industries. As the cooperative farming societies were not viable and suffered losses due to inefficient management, inadequate supply of farm requisits, electricity shortage and poor finances therefore, in

many cases they have not been granted loans for developing industries. In general their accounts are incomplete and incorrect. The balance sheets and income and expenditure statements are not prepared in time. The audit objections are not properly rectified. Hence the commercial banks and other financing institutions hesitate to finance them for setting up new industries. It indicates the poor performance of management and field staff appointed to assist them. The Cooperative Departments of the State Governments are not committed to develop industries through departmental finance. The Directorate of Industries have also not taken much interest in the development of industries on these farms. Consequently most of the farming societies (collective and joint) have yet to organise agro-industries. In most cases, this resulted from the limited nature of the owned resources of members and their incapability to raise them from outside. However, exceptions exist. There are societies which have developed dairying, piggery and poultry units. Some have flour and saw mills while others, have taken up sheep rearing or have established fibre factory, oil crushing units etc. However these activities do not depict the common feature. They may be deemed as exceptions. It is, therefore, emphatically recommended that all the cooperative farming societies should be encouraged to develop agro-industries, and genuine cooperative farms should be provided sufficient financial help, ranging from Rs.5,000/- to Rs.50,000/- instead of a limited amount of Rs.5,000/-.

The observations of the Gadgil Committee regarding the classification of societies of Uttar Pradesh and their working still hold good. The study undertaken by Agricultural Economic Research Centre, University of Delhi which supports the observations of Gadgil Committee also strengthens the authors analysis of the situation. In Uttar Pradesh genuine cooperative farming societies which fulfil our aim of pooling the small holdings for increasing agricultural production and strengthening them financially have not come into existence on a large scale. The societies of big land owners which defeated our aims of cooperative farming have mostly been organised. Such societies are not interested in developing agro-industries or increasing employment avenues. They have switched over to the use of machinery. No doubt they are successful at the cost of our declared and of repeated objective of establishing a socialist society.

In these circumstances, I recommend that a fact finding committee should be appointed to review their progress and suggest measures for the healthy development of cooperative farming societies. This committee should categorise the societies into two classes - societies which should

be provided financial help for development of land and industries and societies which do not require such assistance. This committee should also recommend measures for developing the successful societies which are at their initial stages of development and discontinuing government patronage with the societies which have not been categorised genuine in this work. It is necessary to focus our attention, first of all, upon those who require the benefits of cooperative activity most. In this perspective, it is evident that efforts should continue to be made, primarily, to organise cooperative farming societies of small and medium cultivators. This will require sustained and continuous effort. The present programme is in its infancy, it will take another 10-15 years before a significant impact is made on the country as a whole. We would like to emphasise that results should not be expected hastily and that there are no short cuts to solving the problems of marginal and sub marginal cultivators.

Cooperative farming has a successful career in communist countries like USSR, Czechoslovakia and Poland etc. The reasons behind their success can be summarised as follows:

- a) Socialization of land
- b) Heavy government investment in agriculture.
- c) Supervision of work by trusted part workers who are office bearer of the farm.
- d) Fixation of prices by government.
- e) Full government control on price mechanism and supply of agricultural inputs.
- f) Timely supply of credit and farm requisities.
- g) Heavy fines on persons found guilty of lagging behind the target.
- h) Favourable land-man ratio.
- i) Advancement of Science & Technology
- j) Socialist system of providing employment.
- k) Development of Small Scale Industries on collective farms.

In short, the cooperative farms of socialist countries are the unique product of their political system. Israel is an example by itself and the success of cooperative farming in this country can be attributed to the circumstances under which Israel came into existence. In other countries which were attracted by socialist philosophy, the degree of success varies from country to country. India can draw lessons from the success of cooperative farming in the communist countries on the one hand and limited progress of such ventures in the democratically ruled

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1. Report of the Committee of Direction on Cooperative Farming, Government of India 1965 p. 204.

independent countries of Africa and Asia on the other. The policies, programmes and methods of the communist countries in this regard can hardly be applicable to Indian society due to its traditional outlook and democratic tools to achieve the targets.

The range of activities of rural industries which can be developed on cooperative farms is immense but their potentialities have not been properly developed in India. During 1951-1971 the number of small scale and village industries was considerably increased in the rural sector. development has no relation with the development of cooperative farming. With the exception of a few cooperative farms, the progress of rural industries in general has been slow and negligible on cooperative farms. The Cooperative Department, Directorate of Industries, financing institutions and the members of the cooperative farming societies are equally responsible for the slow progress of rural industries on these farms. The development of agro-industries by cooperative farming societies was not encouraged under a well defined programme and recommendations made by various committees for their healthy development have been ignored but the ultimate responsibility for their development was of the cooperative farms, their members and office bearers. Lack of dynamic leadership and enlightened membership and paucity of professional managers have gone a long way in retarding the growth of these farms and development of their income resources. Mr. H. Elldin, a well known Swedish cooperator has rightly said, that "if we had occasion to start our movement a fresh and if we were given the choice between two possibilities that of starting without capital but with enlightened membership and staff or, on the contrary, that of starting with a large amount of capital and ill informed members our experience would incline us to choose the first course"<sup>1</sup>.

In short there are no short cuts to solving the problems of marginal and sub marginal cultivators and providing employment to the increasing rural folk. Hence this paper maintains that the programme of developing cooperative farming and rural industries should be viewed in the long term perspective and the teething problems should be faced with imagination and determination. To revitalise the economy of an agricultural country like India a well considered and deliberate shift in government policy is desired so as to overcome the bottlenecks that inhabit the development of cooperative farms.

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1. Quoted from Rehman, M. Cooperative Credit and Agricultural Development, Sultan Chand & Sons, 1974, p. 127.

Co-operative Village Settlements (Gammanas)  
-their present position, problems and  
future programme

The plan for a new type of co-operative farming society saw its beginning in the latter half of 1972. The 2 main objectives of the Government in establishing Co-operative Village Settlements were -

1. Providing employment for unemployed youth.
2. Agricultural development

It was clear to the Government that in the fulfilment of these goals, the following aims too would be achieved.

1. Agricultural development based on a planned programme with the active participation of the members.
2. Laying the foundation for scientific agriculture using modern farming methods, with the co-operation of those Government Departments connected with agriculture.
3. Working collectively on a common ownership of land, and the maintenance of a high level of management.
4. Utilisation of under-developed private and state-owned land and some forest areas for cultivation and obtaining optimum productivity.

Present position

These co-operative village settlements begun in 1972 under the guidance of the Ministry of Agriculture, spread in the west zone.

Of the 82 c.v.s. proposed in 1972-73, 77 were established by 1974. Those in the Dry Zone were abandoned as they were not economically viable due to various reasons. The present number is 65.

At the end of 1975 the membership of these c.v.s. was 4878 of these some left for other jobs while new members were recruited.

The total acreage under these 65 c.v.s. is 15,485 acres and almost half of it is under development. By the latter part of 1975 the acreage under the main cash crops were as follows:

Tea	474 acres
Rubber	1178 "
Coconut	1654

Those C.V.S. set-up in the Wet Zone can be classified in a District basis.

Kurunegala	11	N <sup>o</sup> Eliya	2
Kegalle	10	Badulla	1
Ratnapura	13	Hambantota	2
Kalutara	1		
Galle	13	Total of 11 Districts.	
Matara	4		
Kandy	4		
Matale	4		

### Board of Directors

A Co-operative Village Settlement is a co-operative society. The Board of Directors consists of 9 members, 6 of whom represent the memberships, the other 3 being mostly selected from among government officials. In most cases the President is either the District Revenue Officer or the Assistant Government Agent. Officers of Government departments and Banks connected with agriculture or those with a knowledge of agricultural development and management, recommended by the Member of the National State Assembly and the Government Agent are appointed to the Board.

By appointing officials to the Board of Directors, a 2 fold purpose is achieved -

- a) Training of the youth in the skills of management, cash control and planning, within the first 3 years.
- b) Programme planning with the co-operation of experienced local, leaders who know the skills and techniques of the locality.

On the basis of this knowledge and experience it is expected that the Board of Directors will be a self-governing body consisting entirely of the members. This expectation has been successfully realised in the Kegalle, Galle, Ratnapura and Kurunegala Districts.

In instances where the estimated results have not been obtained due to unforeseen circumstances, viz. insufficient water, delay in obtaining necessary inputs or infertile soil, the presence of Government officials on Boards is evident even after the 3 year period.



In C.V.S. with a large memberships there are, in addition to the Board, different Committees set up according to administrative requirements viz. Finance Committee, Disciplinary Committee, Permanent Crops Committee, Subsidiary crops committee, security committee, welfare committee etc. The setting up of these committees is done by the Government Agents while the appointments and supervision are in the hands of the Board of Directors. The duties of the Committees are planning, implementing, co-ordinating, and controlling their respective fields of work.

The duties of the Board of Directors are many. Some of them are -

1. Preparing the 3 - year agricultural programme at the very inception of the C.V.S.
2. Estimating the capital required and obtaining it from the relevant institutions and getting Bank loans.
3. Obtaining the necessary financial assistance from the relevant Government Departments and Corporations in regard to the main and other export crops as stated in the plan.
4. Obtaining the assistance and advice of officials by holding conferences.
5. Cash-control, revision of committees, alteration of the agricultural plan where necessary, plan new programmes for the progress of the C.V.S.

#### Memberships

The original policy was to restrict membership to the 18 - 35 year age-group. This has been relaxed because the main aim is to recruit those who are interested in agriculture. In the take-over of estates even workers outside this age-group were recruited. A sound physical condition and an agricultural bent rather than educational qualifications are considered.

Another decision to restrict memberships to youths within a 5 mile radius could be relaxed to include others where such youths were not available.

The general recruitment of members is by the Government Agent or the District Revenue Officer, with the consent of the Member of the National State Assembly. Members are bound to carry out any job entrusted, to them by the Board of Directors.

Termination of memberships requires one month's prior notice. Rules and regulations relating to resignation and dismissal are found in the by-laws.

#### Cash Supply

Capital for C.V.S. is provided by the Government at the rate of Rs.1600/= per acre. Allocations were made in 1972 - 73 from the Ministry of Agriculture and in 1974 - 75 from the Ministry of Planning under the de-centralised budget.

While this amount is deposited in the Peoples' Bank, where a development loan is sought, it can be obtained from that particular institution at 3% interest on a short-term basis. In the absence of such a deposit, the Bank has made provision for obtaining loans at 8% interest.

While the initial programme of every C.V.S. has to be prepared with the advice of the Ministry, it is studied with the assistance of the Ministry's agriculturists and agro-economists together with officials from the Dept. of Co-operative Development whereafter the necessary funds are released. This capital is allocated annually either by the Ministry or the de-centralised budget and <sup>in</sup> those settlements that have completed 3 years and are independent and self-supporting, no further allocation is made.

While the initial plan is a 3 year one thereafter it should be done annually. In planning these programmes, the assistance of the field officers of the relevant departments is obtained. In cases where the development capital of Rs.1600/= per acre has been found to be insufficient a further allocation is approved on the recommendation of a committee appointed by the Ministry.

#### Housing

Although the fundamental aim in setting up the C.V.S. was to provide employment and increase production on a planned agricultural programme, provision has been made for a housing scheme for the members. A large number of settlements have begun housing schemes. A grant of Rs.2000/= from the income of the C.V.S. and an interest-free loan of Rs.1500/= is given to every member to build his own house. This is recovered in several instalments. A priority list is prepared with special consideration for the size of the family. The building is on a shramadana (free service) basis. The timber is obtained at half-price from the Timber Corporation while items like tile and cement are bought by the members. Technical services have to be paid for.

Thus it has been proved by experience that the cost of building a house is around Rs.3500/=. Action is being taken to extend this scheme to other C.V.S. too. While a member gets 1/8 for a house, and garden plot, he can grow a subsidiary crop the income from which he is entitled to take. The income from all the main crops must be given to the society.

### Marketing

The produce of the C.V.S. is sent for marketing to the M.P.C.S. Marketing Department and other Government marketing institutions. In addition, these products are sold to companies that purchase the main crops. In every case where a guaranteed price has been fixed by the Government, such produce is supplied to state institutions.

C.V.S. vehicles and sometimes those belonging to M.P.C.S. are used for transport. In the case of dairy farms on C.V.S. the National Milk Board has set up Collecting Centres to facilitate transport. Where such centres are situated far away C.V.S. are faced with great difficulties. So far, the Guaranteed Price Scheme has helped to prevent grave marketing problems. For instance the members have been able to sell their produce at a fair price. Further, their consumer items are also supplied at a subsidised rate. In addition, gram is sold to those in the surrounding villages because co-operation between the C.V.S. and the villages is considered valuable. Therefore, the link between the C.V.S. and the village is strengthened. Furthermore, the members fully participate in religious cultural and social activities of the village. Their organised assistance in shramadana campaign has been specially commended.

Another objective in the establishment of C.V.S. has been to improve the reading habit. The National Library Services Board has supplied library books made to expand this scheme to all. While there is an attempt to improve the general reading habit, some C.V.S. purchase the daily papers, monthly journals, novels, Agricultural Department publications etc.

In the field of games and recreation too, some C.V.S. have made considerable progress. While indoor games materials have been purchased, requests have been made to Government and foreign institutions for further assistance. "Inter-C.V.S." tournaments are a popular feature.

### Seminars

District Seminars are conducted with a view to training the members in programme-planning, implementation and control. The seminars dealing with the main crops are conducted with the assistance of the Government departments and Corporations concerned. Some have organised educational tours to the better-run C.V.S. Pamphlets regarding the progress of C.V.S. are issued on a District basis.

### Problems

The C.V.S. were started in 1972. Prior to this the Youth Farms under the Land Commissioner's Department only provided job opportunities. In the Youth Farms there was private ownership. A special feature in the C.V.S. and Janawasas is the co-operative spirit of earning an income by supplying labour on a common ownership.

While this is something new, it is natural to face various problems in the introduction of such a philosophy. Experience has shown that co-operative ownership and labour productivity has been successful, where basic amenities, natural resources, an active Board of Directors and enthusiastic officials were available. However, in C.V.S. which lacked the basic amenities, and the youth had to face difficulties, the faith in common ownership and collective responsibility dwindled. For instance lack of roads, bridges, culverts etc. made transport difficult and led to the weakening of communication with the Board of Directors which in turn directly affected the membership. In another instance, the estimated target for a subsidiary crop may not be reached due to lack of work. Thus, all the above factors have a direct bearing on the development of a C.V.S.

Some C.V.S. were started in electorates with an acute unemployment problem. This led to hurried decisions regardless of the basic amenities. Hence optimum results could not be obtained from the efforts of the members. C.V.S. set up in privately owned estates presented administrative problems. Even after the take-over, it was difficult to change the attitudes of the workers who had been used to weak administration. Where private owners had neglected their land there was evidence of theft and cheating by the villagers even after farms were set up. The old habits continued. This led to frequent clashes between the members and the villagers. There are instances of villagers instigating outsiders to divide up the property, entering the C.V.S. without permission, forcibly taking away the produce, grazing their cattle and such acts, on the assumption that it is common property.

Where tea, rubber and coconut property was acquired the members got a sufficient income for their existence. Since such land had the basic amenities, the assistance of the officials was whole-heartedly given. However, in the case of undeveloped forest and patna lands where the members did not get any income they had to face various problems. The attempts at cultivating subsidiary crops with a view to getting immediate results, proved futile due to the lack of rain and irrigational facilities. In such cases too the members' faith in common ownership and collective responsibility waned.

Some C.V.S. had to be set up in remote areas. Hence, in the absence of housing facilities, the members had to live in hostels which were really semi-permanent buildings put<sup>up</sup> by themselves. Although this was a better co-operative effort, the cost of living was higher than that of those who travelled daily from their own homes. Therefore in some cases, this led to the discontentment members who found that the daily wages of Rs.4/= or Rs.5/= was insufficient. The wage was low due to the limited income of the C.V.S. which either got no immediate returns from the permanent crops, and climatic factors did not permit the cultivation of subsidiary crops.

In some C.V.S. although the unemployment problem was acute, the co-operative spirit was not developed. Hence, though the establishment of C.V.S. was an attempt to cultivate this spirit, some members who were accustomed to a labourer's life, placed more faith in the daily wage from a superintendent. This was evident in every C.V.S. with adults.

In keeping with the Government policy of livestock farming where the C.V.S. started dairy farms, difficulties arose in obtaining cattle and growing fodder grass. It was the same in the case of poultry and pigs. Livestock farms set up in anticipation of progress in regard to the breeding of cattle and the collection of milk, had to face various problems, after a considerable period of their inception.

Another bar to the progress of the C.V.S. was the absence of changed attitudes of the members. Some came with the idea of obtaining, not an allowance, but a wage. They were ready to work for a set number of hours as on a Company estate, rather than accept responsibility in the working of the C.V.S. This resulted in administrative problems for the Board of Directors. In every instance where the co-operative spirit was lacking, the Board of Directors found management difficult.

Further, even where the members were very enthusiastic, the Board of Directors was weak. In cases where the President was a responsible Government official a high standard of management prevailed but where such people were absent, administration became weak.

The person responsible for the progressive management of the C.V.S. and the encouragement of its members, and who also functioned as the Secretary of the Board of Directors and implemented the plan, was the officer in charge of the project. Government field officers who were released from service when recruited to these posts showed their ability in programme implementation, co-ordination, leadership and inspiring and encouraging the youth. However in the absence of such officers various problems have arisen when outsiders were appointed to the post. This appointment which was by the Member of the National State Assembly was influenced by the consideration he had to give to the easing of the unemployment problem. Such persons lacking managerial ability and experience failed to stimulate the enthusiasm of the members.

#### Future Programme of the C.V.S.

It is 3 years since the inception of the C.V.S. and during the 1st and 2nd years they were begun in the midst of various difficulties. Problems relating to acquisition of land, programme-planning, selection of members were to a great extent avoided, with the assistance of the Ministry, Government Agents and the Members of the National State Assembly. The Board of Directors too had problems at the beginning. Nevertheless, the members who faced all this, have taken a step forward.

Though some progress has been made in these 3 years questions relating to the basic amenities in each area still persist. Since this project was first started in Sri Lanka, the forward movement has been the result of trial and error. Hence a 3 year period is hardly sufficient to base a future decision. In some C.V.S., members have to be given a knowledge of cost and returns. There are different types of youth farms in Sri Lanka. Of these the C.V.S. follow the principle of common ownership, while those under the Land Commissioner's Department and the National Youth Service Council allow private ownership. So, there is a large disparity between the two; and this has been the reason for the absence of the co-operative spirit in the C.V.S. Therefore, in a country where private ownership prevails, the spread of the idea of collective farming will take a fairly long time.

Therefore, to improve the C.V.S. several factors are essential -

- a) High management levels
- b) Cash control
- c) The enthusiasm, responsibility and strict discipline of members
- d) Marketing facilities
- e) High prices for the produce
- f) Faith in the security of the project.

Until these conditions are obtained at a fair level, it is difficult to come to any definite conclusion regarding the future of the C.V.S.

Different reasons prompt people to become members of C.V.S. Economic problems housing problems, questions regarding family life are some of them

The Government should strive to raise the management levels, stabilise their independence and common ownership, improve production and establish a fair price system in order to satisfy member aspirations. Since these questions are subject to changing political, economic and social conditions they should be constituted so as to withstand such changes.

The Janawasa Bill before the National State Assembly proposed to bring both Janawasas and Gammanas under one Board. Accordingly, every C.V.S. can be registered under a Janawasa commission with the consent of the members. If the Commission lays down a common programme for all Co-operative Farm Societies it would be beneficial to all settlements. Through the world fund organisation, food has been supplied for a 2 year period to the members in order to improve their economic conditions. The new commission will have to evolve a fair system of distributing this gift food. Although those C.V.S. with permanent crops can improve their economic conditions in the future, the Janawasa Commission will continue to obtain both financial and food aid.

In the future it will be possible to plan out better programmes based on more experience. In this respect the present co-operative farms will provide a good background. Although the future of these Co-operative Farms looks satisfactory, if factors such as management, cash control, productivity, markets and fair prices were to exercise a favourable influence on them, an even brighter future can be predicted.

The National Seminar on Co-operative Farms in Sri Lanka  
16th - 30th June 1976

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The National Seminar on Co-operative Farms in Sri Lanka  
16th - 30th June 1976

REPORT

01. INTRODUCTION

A National Seminar on Co-operative Farms in Sri Lanka was held in Colombo from June 16th - 30th 1976. This was organised by the National Co-operative Council of Sri Lanka, with the assistance of the International Co-operative Alliance. The Seminar was declared open by the Hon. Minister of Food, Co-operatives and Small Industries, Mr. S.K.K. Suriyarachchi. Mr. J.M. Rana and Mr. Lionel Gunawardana represented the I.C.A. Dr. Z. Juchniewicz of the I.C.A. Headquarters London and Dr. Samiudeen of the University of Aligarh delivered lectures. The services of these persons were obtained through the auspices of the I.C.A. Regional Office and Education Centre for S.E. Asia. Talks were also given by the following persons -

1. Mr. M.P. Jayasingha, Deputy Commissioner, Dept. of Co-operative Development,
2. Mr. K. Balapatabendi, Assistant Director, Co-operative Village Settlements, Land Reform Commission,
3. Mr. S.D. Unantenne, Director Land Reform Commission,
4. Mr. A.O. Elman, Crop Diversification Pilot Project,
5. Mr. A.M. Karunaratne, Assistant Director Agriculture and Lands,
6. Mr. K. Ramanathar, Assistant Director Ministry of Planning,
7. Mr. D. de S. Ratnaweera, National Institute of Management
8. Dr. Wilbert Gunaratne, Agricultural Research and Training Institute,
9. Mr. K. Samad, Agricultural Research and Training Institute,
10. Mr. Oleseik, Agricultural Research and Training Institute,
11. Mr. R.G.G.O. Gunasekera, Chairman, Co-operative Management Services Centre,
12. Mr. M.D.K. Jayawardena, Consultant, (Agriculture) Co-operative Management Services Centre,

13. Dr. T. Crudelle, Specialist Consultant, (Agriculture)  
Co-operative Management Services Centre,
14. Mr. L.M.V. de Silva Co-operative Marketing Federation,
15. Mr. Eric Jayakody, General Manager, Co-operative Marketing  
Federation/

3 representatives from Co-operative Farm Societies and Government and other officials working with these societies participated.

At the conclusion of the Seminar, the representatives were awarded certificates by Mr. Palitha Weeraman, Director, I.C.A. Regional Office and Education Centre for South East Asia.

## 02. THE LAND REFORM PROGRAMME

Since the gaining of a degree of self-government in the 1930's, efforts at solving the problem of landlessness were made, with the establishment of peasant colonies in the Dry Zone.

After the dawn of Independence, there have been village expansion schemes with the taking over of some land and distributing it among landless peasants. However, with the continuing export of the primary products and the import of food crops which could be grown here, there was no apparent change in the agricultural pattern. There was instability in the country's economy because of the price fluctuation of the primary products in the world market. With the balance of payments crisis, the import of certain essential food stuffs had to be cut down or totally banned.

The population of Sri Lanka has increased steadily. Today it is 13.5 million of which 900000 belong to the under 24 age group. Of these a very large number are educated unemployed youth.

Some of the reasons that made land reforms essential, were, the rapid increase in the number of educated unemployed youth, the birth of a landless peasantry, foreign exchange problems and the need to grow food crops.

The Paddy Lands Act of 1958 was the first step in this direction in recent history. Although this afforded protection to the 'ande' (tenant) cultivator, the acreage available for food production did not increase.

### 1st Stage of the Land Reforms

The first stage of the land reforms began in 1972. Under the Land Reform Act. No. 1 of 1972, the ownership of private property is limited as follows:

- a) 25 acres, if such property is paddy land.
- b) 50 acres, if such property is not limited to paddy alone.  
It should not exceed that acreage stipulated in (a) if the 50 acres include paddy land.

### The objectives of the Land Reform Act are as follows;

1. Create more job opportunities and increase the productivity of the Land taken over.
2. Reduce the disparity in the ownership of land and wealth.
3. Re-organise society to reach the goal of socialism.

Landowners having land exceeding the stipulated limit had to make a declaration to that effect to the Land Reform Commission by December 1972. 5587 such Declarations regarding about 1 million acres were received.

This declared land was leased out to the former land owners themselves, until a decision was taken in regard to the limit allowed to them. The task of deciding the acreage limit that the former landowners were permitted to keep for themselves, and the vesting of the rest in the Land Reform Commission was completed by Aug. 1974. Inter-change of land within the families was permitted. e.g. The Landowners children over 18 years of age and parents were allowed at the rate of 50 acres of land or 25 acres paddy land, belonging to the family.

Provision has been made by the Land Reform Act for the payment of compensation to the owners. It will be calculated on the average profits from the land during the preceding 5 years. Compensation will be either in cash or Land Reform Bonds at 7% valid for 20 years.

559,377 acres have thus been vested in the Land Reform Commission.

Under the Land Reform Law, those lands vested in the Land Reform Commission could be sold, exchanged, rented or leased out to the Government and Co-operative sectors for agricultural purposes, livestock farming, co-operative collective farms, building construction or for other common purposes.

Stage II of the Land Reforms

The following categories of land were not included in Stage I of the Land Reforms of 1972.

- a) Agricultural Land owned or enjoyed by a Public Company
- b) Land owned or enjoyed by vihares (Buddhist temples) and devales (Hindu temples)
- c) Land owned by other religious institutions
- d) Land under charities
- e) Land under Buddhist Heritage Property Act.

Under the Land Reform Amendment Act. No. 39 of 1972, all Land owned and enjoyed by foreign as well as local companies was vested in the L.R.C. Since this Act was passed, 396 estates covering a total area of 415,568 acres owned by 232 Public Companies, were vested in the L.R.C. This consisted of 292,126 acres tea, 110,021, acres rubber, 8034 acres coconut and 5325 acres under other crops.

03. Types of Co-operative Farms

I. Multipurpose Co-operative Youth Farm Societies

The M.P.C.S. Youth Farms started in 1968 can be described as the first significant step in the establishment of co-operative farms. The objective in starting these farms under the Land Commissioner's Department was to direct the educated youth to agriculture. These special Co-operative Farm Societies were started on Government land of which a small area of about 4 acres was set apart to settle educated youth and cultivate specified crops. It was accepted that the ownership of land was vested in the youth who received the plot. The Society provided the necessary agricultural and credit facilities. In order to expand its services, the supply of rationed goods to the members was also undertaken by the society. Further, services of tractors, and water pumps were supplied by the society.

However, before long, it was clear that most of these societies had not developed as successful farms. On many occasions the society has neglected the repayment of loans and other services. In order to avoid the repayment of loans, marketing of the produce is not done through the society. Though the working of these societies is such, it is evident that the youth who received land are engaged in agriculture profitable to themselves. This makes it clear that the young men and women in this scheme consider it more useful to keep the land to themselves rather than engaged in collective farming. The number of these societies was about 40.

## II. Co-operative Village Settlement Societies (Gammanas)

These societies were started in 1971 under the Ministry of Agriculture and Lands. Unlike the Youth Farm Societies mentioned earlier, the land on which the Farm was established belonged to the Co-operative Society. The members had to carry out the various duties allocated to them. They were given a very small plot to build a dwelling. While they received a daily allowance on the duties performed, they were entitled to a second payment on the surplus income.

The objective in setting up these societies was to channel the hitherto unproductive youth labour into agricultural production and to provide rural employment. It was necessary to either select lands with an area of 200 acres or more, or blocks for each settlement. Members were selected by the Government Agent on the recommendation of the Member of the National State Assembly, from the young men and women between 18-35 years, within a 5 mile radius. These lands were either Government Land, protected areas under the Forest Department or neglected private property. Each "settlement-plan" was subject to scrutiny by a specialist team of officials from the Ministry of Agriculture. The working capital comprised shares, Government grants and commercial bank loans.

## III. Co-operative Farms for Lands vested under the Land Reforms Act

### a) Co-operative Collective Settlements (Janawasas)

These Societies were set up for managing and developing lands which came under the Land Reform Act of 1972. These societies which were organised under the Settlements and Planning Unit of the Land Reform Commission selected a land or several blocks which could be developed as an economic unit. These lands which were under tea, rubber and coconut were at different stages of development.

This type of farm has been set up to achieve a high level of agricultural productivity through permanent crop-cultivation, crop-diversification and new cropping. The work on the farm should be through collective effort. While membership was given to persons of the area, with a knowledge of agriculture, preference was given to suitable persons who were already employed before the take-over. The members worked collectively. They were given a daily allowance and an additional payment at the end of the production year.

b) Electoral Land Reform Co-operative Societies

Its very name signifies that these were societies set up on an electoral basis for the management and development of lands which came under the Land Reform Commission. Each society was formed by several land allotments. A fundamental feature in these societies too is collective farming. The L.R.C. decides whether to establish such a society or not, and which land should be vested in it.

These are broader-based than those described earlier because each or several of the allotments of the whole became a Branch of the Farm Society. While this society was formed out of tea, rubber and coconut land the acreage too was larger.

IV. Collective Agricultural Co-operative Societies

Government Lands, lands taken over by the Government from time to time and land that came under the Land Reform Commission were utilised to form these societies. Requests to set up these are made through the Member of the National State Assembly or by different organisations with the patronage of the Member of the N.S.A and Government officials. Two special features in these farms are collective agriculture and collective ownership. An important section of these societies are those registered under the National Youth Service Council.

V. District Development Council Co-operative Farms

A new feature in Sri Lanka's planning - the D.D.C.'s present agricultural and industrial programmes in the various districts which are carried out through the Multipurpose Co-operative Societies or specially constituted Co-operative Societies. For most agricultural programmes special societies are registered. The accepted system was collective ownership and collective farming. At present, these are placed under the District Development Electoral Co-operative Societies that have been set up on a policy decision. Another type that belongs to this group of collective co-operative societies is the Collective Agricultural Society set up in each Education Region.

VI. Co-operative Farms under the Multipurpose Co-operative Societies.

Some lands that came under the Land Reform Commission have been entrusted to M.P.C.S. for management and development, on a long lease. Societies which received a fair amount of land had to set up a special land-management unit with officers in charge. Those that received a small acreage have brought it under the normal administration of the society.

04. The Co-operative Farms their contribution to the economy of Sri Lanka, her youth and the peasantry.

The land set apart for development under various Co-operative Settlements is about 241800 acres. These were previously waste-lands, forest reserves, neglected land and very often less-productive land under a single crop, none of which made a substantial contribution to the country's economy. Although it is true that all the Land under the co-operative farms are not economically viable their service has been praise worthy. The use of labour-intensive methods and the consequent saving on capital expenditure has been another advantage.

The total number of the above-mentioned type of societies is about 808, the members and other workers employed being about 64064. At present, they receive a daily allowance of Rs.4 - Rs.9. It must also be specially mentioned that they are entitled to a share of the annual profits. The majority of the members are young men and women who have been greatly pressed by economic and social problems. While this youth got a certain amount of relief they also got the opportunity to contribute directly to the economic development of the country. The aspiration of this youth is to set up a socialist society and they see this system as the shortest route to their goal.

05. The Essential Characteristics of a Fully-fledged Co-operative Farm

A fully-fledged Co-operative Farm means a highly developed agricultural organisation on a co-operative basis.

Among the essential characteristics that should be present in such a farm, the following occupy a prominent place -

1. A Development Programme

There should be a long-term development programme with special emphasis on the physical, economic, social and cultural aspects. There should also be short-term programmes within this frame-work.

2. Unison with the Village

This suggests a society where the Co-operative Farm acts in unison with the surrounding, traditional society in all economic, social and cultural aspects. It should act as a pilot scheme which guides the village in development work.

### 3. Self-management

This suggests the ability to administer the work of the society, by the members themselves without any outside interference. The only connection with Government or other external institution should be limited to its patronage. While there should <sup>be</sup> self-help and mutual aid, the environment should promote leadership. Members should have a high standard of technological knowledge essential for the management and development of the farm.

### 4. Self-sufficiency

This suggests that the income of the farm should support its maintenance and development. The members should have the foresight to use the reserves for welfare, distress work, and community development so as to achieve the objectives of the farm and maintain self-sufficiency.

### 5. Collectivism

This means collective effort of all members in all economic, social, cultural and welfare activities which should come from within the farm itself.

### 6. Allocation of surplus for Community Welfare

This should be two-fold i.e. the surplus to be spent on the development of the farm and the economic, social and cultural development of the members, and a considerable portion to be set apart for the welfare of the community and its cultural activities.

## 06. Co-operative Farm Planning - Its Necessity And Methods

### 1. The necessity to Plan

The number of small scale land owners and farmers in Sri Lanka is gradually increasing. Meanwhile, common ownership of land is expanding. In this context it is essential to organise the work on a community basis,

It is necessary to plan out production with due regard to price fluctuations and demand and supply conditions in the market, and to stabilize and increase the incomes of the small-scale farmer. By this means, the market can be influenced.



An essential factor is to plan out the work of the co-operative farms with a view to reaching the national production target. A plan can instil in the members a trust and faith in the economic productivity of the co-operative farm which is a new concept. It can also fulfil the personal aspirations of the members.

It is also essential to work to a long-term plan in order to reach the objectives set out by the co-operative society. Provision has also been made to enable the private farmers to organise themselves on a co-operative basis and obtain the money and inputs according to a plan. Methods of marketing could be subsequently planned.

This type of planning helps to reach the objectives, facilitates control revise any uncertain points and saves time, money and labour. It performs the function of a pilot who shows the way to the group and sets a standard to evaluate the progress. While it leads to common collective participation in fulfilling the objectives, there is a bond in its implementation. It becomes a medium of communication.

## II. Methods and Features of Planning

To make a plan it is essential to recognise the objectives and aspirations of the co-operative farm. The society's by-laws and working rules generally act as a guide. This avoids any conflicts between the personal and collective objectives and those of external institutions.

There should be a common agreement within the organisation in regard to the final target and the production rate. A study of the present position, the past, the resources and targets will clarify the manner in which the plan should be made.

In setting targets it is important to give consideration to both internal as well as external factors of this scheme. Economic, political and social influences are included in this. Possible conflicts between these, and the objectives and the influence of the plan on the environment should be considered.

The next step is to find out alternative production avenues. Crops that can be cultivated to suit the physical condition of the farm or live-stock farming in keeping with the above mentioned factors should be taken into account. The utilisation of land, labour and capital to get maximum productivity and the risks should be taken into consideration.

The best alternative according to the above standards should be selected. They should include estimates on the use of physical human and capital resources. It is the practice to decide on the organisation, progress-control and the delegation of authority and responsibilities.

It is necessary to prepare a schedule to **implement** the plan. It should be on a **priority** basis with reference to the time factor. The initial work of planning ends here. Yet, a plan is not static. It is something that should be revised over and over, while reviewing the progress in its working.

## 07. The Co-operative Farms - their problems and solutions

### (1) Organisational

Problems regarding membership arising from the differences in age, educational levels and personal attitudes which are an obstruction to the collective work on the co-operative farms. As a solution, it is advisable to train them to work in groups, develop group habits and provide recreational facilities. It is advisable to recruit members to future farms on the basis of age, educational qualifications, and faith in collectivism.

#### Board of Management

The inclusion of persons working very closely with the Government and the respectful attitude of the members towards them has led to the taking of **wrong** decisions resulting in the disorganisation of the work on the farm. Hence, this Seminar recommends that the membership should be given a thorough training, **so** as to instil a knowledge of the collective system and extend the freedom of self-management.

#### Technical Advice

Recruitment of persons without a sufficient knowledge of the use of farm-machinery and equipment has been a barrier to **success**. Steps should be taken to recruit those with a technical knowledge and aptitude. It is very important to provide them with further training facilities on a regional and **district** basis.

#### Inputs

Steps should be taken to avoid problems arising from delay in obtaining the essential fertilisers, agro-chemicals, agricultural implements and specialist advice. This will greatly contribute to the success of the farm.

### Co-ordination

It is difficult to co-ordinate the various features peculiar to each Co-operative Farm. The present Co-operative Village Settlements, Co-operative Farm Settlements, Co-operative Youth Farms and National Youth Service Development Farms have been set up under different Ministries and institutions. Therefore, since co-ordination is difficult, it can be proposed to organise them on common principles, under one central institution.

In regard to the Board of Directors, the method of selection in each is different. There should be a uniform procedure, and the appointment of pensioners, businessmen etc. as Chairman should be avoided.

Further, there is a diversity in features such as planning, management, progress-control, auditing and marketing. Since this makes co-ordination difficult the above mentioned central organisation should lay down a uniform programme in regard to the functions.

Where there has been individual farming on youth settlements and collective farming in the others, it has been an obstruction to co-ordination. Hence, a common method is essential. Income-wise too, while some enjoy large profits, others are run at a loss. If a common fund is established, a portion of the profits could be diverted to it. Then there can be a plan to enable other farms also to take loans for various purposes and obtain aid in times of distress.

Since there is a diversity in the loans and given by the Banks and Ministries, a uniform system should be adopted. There should be co-ordination among the Banks, Government Departments and Co-operations that provide the money, advice, inputs and marketing facilities. If there is a sub-committee connecting the Departments, Co-operations and Ministries working to a plan, the provision of the above services would yield satisfactory results.

A publicity programme common to all the co-operative farms would also facilitate co-ordination. Hence it is essential to have "shramadana campaigns" (free service), cultural shows, games, oratorical contests and the regular supply of information.

### (2) Economic

In obtaining the money for capital and revenue expenses for the Co-operative Farms the sums provided by the Government Departments, Banks and other institutions are insufficient and often delayed.

This Seminar recommends that

- (a) There should be an Advisory Committee on a regional and national basis so that the lending institutions could work more closely with the Co-operative Farms.
- (b) The monetary needs of each Co-operative Farm should be re-estimated and increased whenever necessary.
- (c) Foreign aid in the form of capital investment received by the Government should be apportioned to the Co-operative Farms.

Since Co-operative Farms were set up to meet an urgent need, there has been no proper development in the basic structure. Hence there was no proper planning. As a result, problems have arisen in regard to crop-diversification, agricultural planning and implementation. Hitherto, special attention was paid to crash programmes in crop-farming and other quick avenues of income nature than land-development and the infra-structure.

It is evident that in order to ~~correct~~ this, the affiliated institutions should review the basic structure. There should be a plan to utilise labour and capital more gainfully.

Ignorance of the regional and national consumer patterns, export markets, price fluctuations, demands and supply conditions and the absence of a close connection between the Government, Co-operative and other marketing institutions have resulted in instability in the marketing of the Co-operative Farm produce. The lack of suitable transport facilities has aggravated this position.

Therefore, it is recommended that the marketing institutions should assist the the Co-operative Farms in providing a stable market for their produce. Government institutions should supply the necessary information to the farms in regard to market demand and supply conditions and price fluctuations. Further it is recommended that a price stabilising fund be started and storage facilities be provided by the Government and other marketing institutions. The Government should also supply, under a subsidised system, the necessary vehicles for the Co-operative Farms.

It was also pointed out at the Seminar, that, there is a feeling of uncertainty among the members of the Co-operative Farms in regard to their future and that of the scheme, because the fixed assets and the right to enjoy the land have not been transferred.

A suitable remedy would be to hand over the land and the fixed assets to the Co-operative Societies.

(3) Social

Relationship between the Co-operative Farms and the society around

Various reasons can be attributed to the conflict between the Co-operative Farm and the villagers.

- a) Deprivation of the grazing grounds for their cattle.
- b) Taking away of the lands that provided them with timber and fire-wood.
- c) Absence of connection with the village either job-wise or socially.

While the attention of the Seminar has been drawn towards this question, certain remedial measures could be recommended.

- a) Promote mutual assistance and friendship between the villagers and the members.
- b) Encourage members to make use of the villagers traditional knowledge gained through experience, in the agricultural work on the farms.
- c) Inculcate in the members the co-operative spirit and ideals so as to change any wrong beliefs and attitudes that may exist.
- d) While the co-operative farm members should help the villagers in their community development activities, the work on the co-operative farm should be carried out on an organised basis, so as to serve as a pilot project, that acts as an example to the village, economically, socially and culturally.

Social Welfare

Since the co-operative farms were set-up to fulfil an urgent need, there has been no time to pay attention to welfare work. Hence permanent houses, health, educational and library services, games, recreational and cultural facilities for members are lacking. Therefore, special attention was paid at this seminar to this environment which does not permit the members to live comfortably as a community on the farm. To correct this situation, the affiliated institutions should provide these facilities or the necessary capital to Co-operative Farms to help themselves. The members could make a valuable contribution by supplying the required labour.

08. Recommendations of the Seminar

1. It is essential for the Co-operative Farm members, the Boards of Directors and the Government officials concerned to exchange ideas, find solutions to the various problems and widen their knowledge of the co-operative system and its principles. The Seminar ~~reco-~~  
~~mends~~ the organisation of seminars and educational courses by the Sri Lanka National Co-operative Council with the assistance of the Department of Co-operative ~~Department~~ and other Ministries and Government Departments.
2. It was revealed that the Sri Lanka Co-operative Marketing Federation is implementing a Farm Advisory Service and also expanding the ~~contract-~~  
contract-farming system, started as a pilot project to certain other regions too. Close collaboration between the Co-operative Farms and this apex ~~cooperative~~ ~~institution~~ will enable the organisation of production, marketing and other essential services. Therefore, the Seminar recommends that the Sri Lanka National Co-operative Council should take action to make provision for the various Co-operative Farms to obtain membership of the Sri Lanka Co-operative Marketing Federation.
3. The various Co-operative Farms should set up a national-level apex organisation. It would greatly facilitate their development. The Seminar recommends that the Sri Lanka National Co-operative Council should take the necessary steps to establish such an organisation. Further, the Seminar recommends that provision should be made for that national level co-operative organisation to become a member of the Sri Lanka National Co-operative Council.
4. It would be useful for the Co-operative Farm members, Boards of Directors, and Government officials concerned to see the working of Co-operative Farm societies in India. Therefore, the Seminar recommends that the Sri Lanka National Co-operative Council should make the necessary arrangements with the apex society in India to enable several selected persons who participated in this Seminar, to visit the Co-operative Farm Societies in India.