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View from the Field - Dynamics of Farmers' Collectives and

Agricultural Marketing – Outcomes for Small Holding Farmers

Agriculture in India employs nearly half of the workforce in the country and contributes around 18 per cent of the GDP. India is amongst the second largest producers of wheat (13%) and rice (22%) in the world. We are the highest producer of milk and second highest producer of fruits and vegetables in the world, along with contributing 25 per cent of the total cotton produced in the world and the second highest exporter of cotton. (10th Agriculture Census, DAC, FW). As per the same census, the average size of operational holding has declined from 1.15 hectare from October, 2011 to 1.08 hectare in 2015-16. The operated area has decreased to 157.82 million hectares in 2015-16 from 159.59 million hectares in 2010-11. Small holding farmers constitute around 85 per cent of the total land holding and hold around 44 per cent of the land under cultivation.

Small holding based agriculture is gradually becoming unviable on account of highly fragmented, scattered and heterogeneous landholding, rising cost of cultivation and limited access of small holding farmers (SHF) to public resources and markets. The limited production quantities, lack of farmers' access to public resources, quality inputs, credit facility, modern technologies, etc. and frequent crop failures, lack of assured market, income safety and poorly developed supply chain, has resulted in high dependency of farmers on the exploitative intermediaries and local money lenders (NABARD, 2015).

Individually, the SHFs operate on a low scale of production, are not able to efficiently market the produce at the opportune time owing to poor bargaining power arising out of small land holding. The other issues that concern the SHF include lack of proper extension services, low level of adoption of technology, lack of work-ing capital and inadequate skills to run business and low income on account of inefficient markets.

The range of these new challenges has the potential to be addressed through a new concept of Farmers Collectives which has gained emi-nence popularity during a last decade or so in the country. The idea behind the genesis of the Farmer Producer Organisation lay in the premise to facilitate creation of an entity which was a combination of the effi-

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ciency of a private company and the cooperatives structure - a private owned producer company by the farm- ers, for the farmers (Alagh, 2000). Farmers Collective also has the potential to enhance the scale through aggre- gation of the produce and also invites traders at the farm gate for a single point purchase, opens the window for access to modern technologies, facilitates capacity building, extension and training on production technology and also helps in building a culture of traceability of produce (MOFPI, GOI,2013) It has the potential to re- duce input costs by procuring inputs in bulk at wholesale rates, aggregation of produce and bulk transportation reducing transportation costs thereby enhancing net income of the members of the collective. There is infor- mality in the Collective as the rules and regulations to manage the Collectives are defined by the members themselves. By associating with the entity of collectives, SHFs can derive the bargaining power to enter into agreement for bulk purchase of inputs. Collectively they also have an opportunity to sell their produce underthe umbrella of a brand name.

The virtues of Collectives have been underlined in Rigveda (1700-1100 BCE) where it was premised that col- lectivisation increases the work efficiency

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“May you all have a common purpose, May your heart be in unison, May you all be the same so that you cando your work efficiently”. *Mandala 10, Hymn 191, Rig Veda*

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