

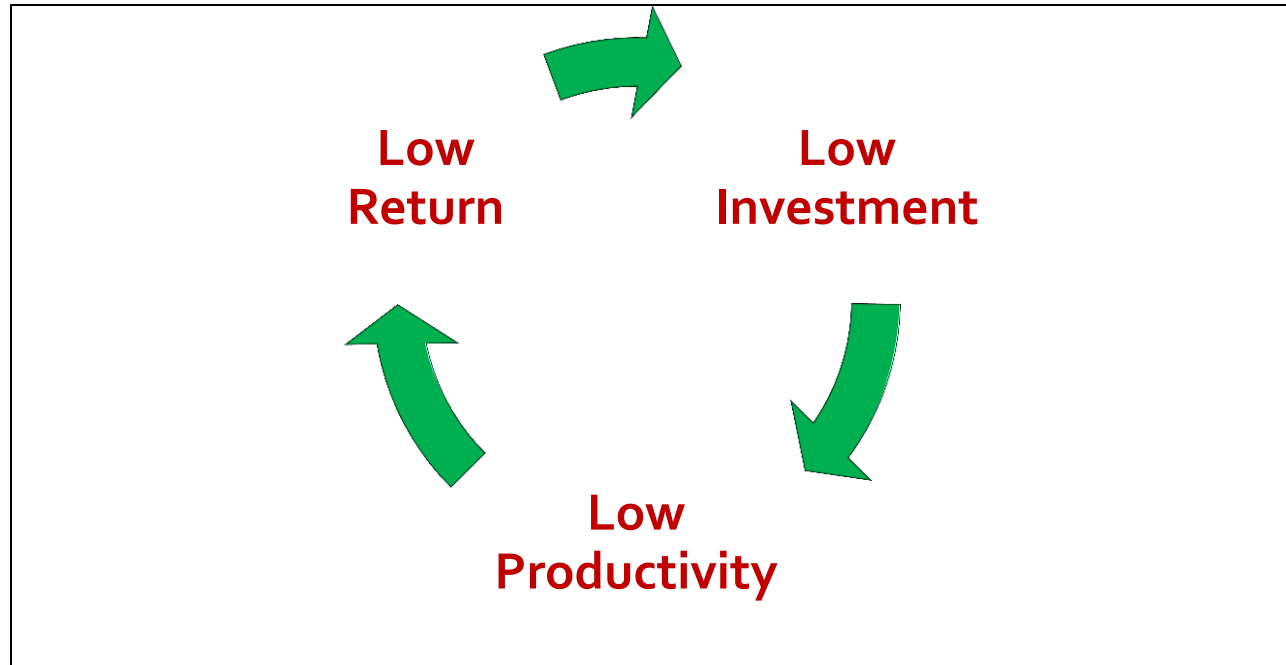
# Managing Co-operative Farming: A Case of Gambhira Collective Farming Society

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# Situation of Food Production and Farmers in India

- Indian position - Net importer to exporter of agricultural commodities
- Food production - 50.82 MT to 257.13 MT between 1950-51 to 2012-13
- About 16,000 farmer suicides per year from 1995 to 2006 (Nagaraj 2008).  
13,754 in 2012.
- High indebtedness among farmers



Group approach will help to break this cycle

# Problems with Farming Co-operatives

- Farming cooperatives have universally failed (Deshpande, 1977)
- The problems in farming co-operatives are related to
  - work incentives and management (Deshpande, 1977)
  - the government's overwhelming role, and prescriptive and restrictive legislation (GOI, 2009).
  - inefficiency of office bearers (Gadgil, 1956),
  - lack of educated and enlightened leadership (Mamoria, 1983)
- Only a handful of farming cooperatives have overcome the problem of the tragedy of the commons and working smoothly

# Research Questions

- How do collective farming initiatives work for long time?
- Why do some collective farming initiatives sustain over long time?
- How do collective farming societies overcome the problems associated with smallholder agriculture?
- How do successful collective farming societies overcome the tragedy of commons?

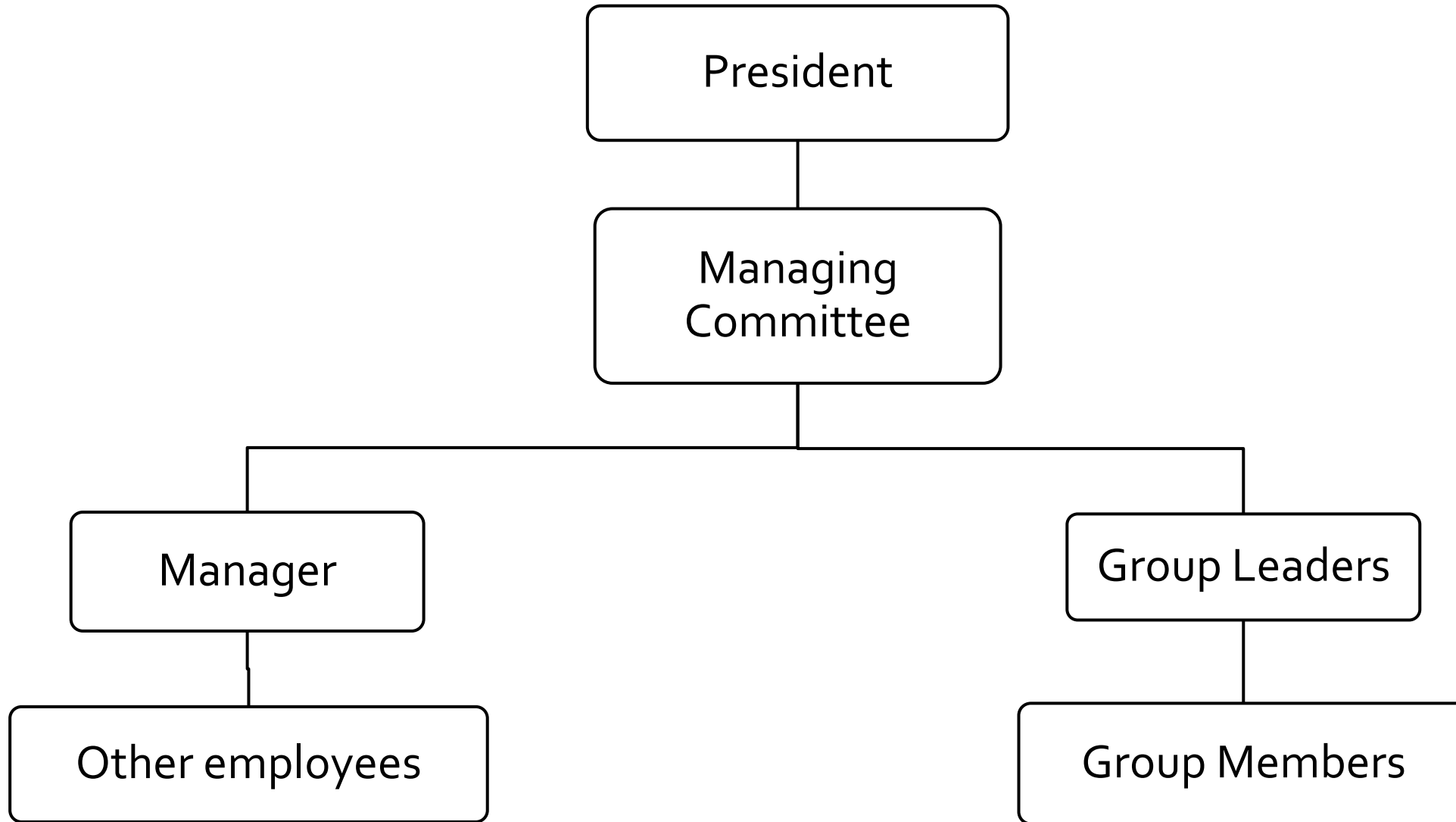
# Methodology

- Gambhira collective farming society working for more than 60 years
- focus group discussions, in-depth interviews, multiple field visits and referring to records of the organization

# Gambhira - Formation

- Location - 4 villages Gambhira, Kothiakhad, Nani-Serdi and Bilpad on Mahi river belt in Gujarat, India
- Heavy floods in 1949; Farmers became landless overnight
- Government distributed 201 acres to 176 farmers in 1951 on Chhaganbhi Patel request
- Individual farming was unviable
- Mahisagar Bhatha Samudhayik Sahakari Kheti Mandali Limited on October 14, 1953
- Both ownership and cultivation rights with society
- Area and membership increased to 526 acres and 291 respectively

# Organizational Structure and Management



## Group Formation

- 30 working groups of 8-14 members for operational convenience
- Land allocated to group - 13 to 24 acres (average 17 acres) – equitability maintained
- Group leader elected by group members

## Crop Production

- Groups are responsible for production
- Cropping pattern:
  - *Kharif* - paddy, bajra & tobacco
  - *Rabi* – wheat, tobacco & Jowar
- Primary cultivation: Society
- Sowing: Inputs supplied by Society

# Marketing

- Auction conducted at Gambhira
- Managing Committee decides the date and price
- Groups display their produce in lots; each group will have only one lot
- Traders submit their bid price in sealed covers & produce is sold to highest bidder
- Traders have to take produce within 15 days by paying 65% amount; remaining 35% in 3 months
- Society dictates terms of trade due to bargaining power achieved because of quality and quantity of tobacco
- Receive very high price
- Payments in time



# Sharing of Risk, Produce & Profit

- *Total Revenue = 1.5% to group leader +  $\alpha$*
- *$\alpha = 35\%$  to society + 65% to group*
- *35% to society = Expenditure (for inputs, administration expenses) +  $\beta$*
- *$\beta =$  Society's reserve fund (20%) +  $\gamma$*
- *$\gamma =$  Education fund (1.5%) +  $\delta$*
- *$\delta =$  Bonus to groups (70%) + Village development fund (20%) + House fund (10%)*

## Total production and amount paid to members

Year	Total Value of Production (Rs)	Members Share of Production (Rs)	Bonus to Members (Rs)	Total amount paid to Members (Rs)	Members Share (%)
1953-54	90,660	45,320	9,116	54,436	60.04
1960-61	134,319	67,159	5,804	72,963	54.32
1970-71	537,370	268,685	46,714	315,399	58.69
1980-81	1,506,854	901,801	149,578	1,051,379	69.77
1990-91	2,871,834	1,721,434	179,889	1,901,323	66.21
1999-00	9,925,960	5,984,646	1,397,210	7,381,856	74.37
2005-06	7,138,120	4,300,286	552,392	4,852,678	67.98
2006-07	6,302,019	3,788,983	207,282	3,996,265	63.41
2007-08	11,190,707	6,770,399	1,465,139	8,235,538	73.59
2008-09	22,324,111	13,434,067	3,528,043	16,962,110	75.98
2009-10	32,630,540	21,213,663	4,617,590	25,831,253	79.16

# Working of Groups

- Groups are responsible for production
- Each group has its own norms/rules
- Work allocation: Group leader allocates equally to members
- Monitoring: No scope for free riding
  - Small groups & small fields- Both group leader and members monitor the work of each other
- Penalty for violation of rules.
- Group leader record the labour contribution
- Interlocking behavior eliminates free riding.
- Group leaders have incentive to monitor (his share & proceeds from membership)

# Impact

## Household Level:

- Income was higher. Average of Rs.90,000 for labor contribution of 160 days
- Emphasized the importance of education – funds for school buildings, assistance to students
- All the families have graduates and at least one person in each family is employed
- Constructed better houses
- > 90% of members belongs to *baria* caste. Improved social status

## Community level:

- Contribution to various developmental works from inception
- Donate the funds to Gram Panchayat

# Conclusions

- Commons was formed after failure of private farming to meet their expectations
- Successfully overcome the problems associated with unviable holdings and the tragedy of commons
- Much higher returns through economies of scale, bargaining power and optimal utilization of resources
- The tragedy of commons was overcome by forming small groups and devising mechanisms for sharing of work and profits, monitoring and sanctioning and institutionalizing rules and norms.

**Thanks**