

History of Agricultural Collectives in India: Past, Present and Future

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Abstract

“Cooperation” is a concept that led to the success of several collectives benefitting smallholder farmers in India. However, if we carefully examine the collectives, it is evident that some collectives succeeded whereas, some failed in India. This article attempted to explore the history of collectives in India. Primary data for this study were collected from the RBI archive museum based in Pune. Based on the activities involved in the promotion of collectives, the phases of evolution can be classified as the Preparatory phase (Before 1904), Evolution phase (1904-1930), Assessment phase (1930-1947) and Action phase (1947-1990) and Post-Liberalization developments. This study concludes that policy makers should focus on working capital, free riding, and legal problems related to licenses, filings, capital infrastructure and capacity building. Optimum size of the cooperatives and antecedent of success can be the future areas of research.

Keywords

Cooperation, small and marginal farmers, co-operatives, agricultural development

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Historia de los Colectivos Agrícolas en la India: Pasado, Presente y Futuro

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Resumen

La “cooperación” es un concepto que condujo al éxito de varios colectivos que benefician a los pequeños agricultores de la India. Sin embargo, si examinamos cuidadosamente los colectivos, es evidente que algunos colectivos tuvieron éxito mientras que otros fracasaron en la India. Este artículo intentó explorar la historia de los colectivos en la India. Los datos primarios para este estudio se recopilaron del museo de archivos RBI con sede en Pune. En función de las actividades implicadas en la promoción de colectivos, las fases de evolución se pueden clasificar en fase Preparatoria (Antes de 1904), fase de Evolución (1904-1930), fase de Evaluación (1930-1947) y fase de Acción (1947-1990) y desarrollos posteriores a la liberalización. Este estudio concluye que los formuladores de políticas deben centrarse en el capital de trabajo, el parasitismo y los problemas legales relacionados con las licencias, los registros, la infraestructura de capital y el desarrollo de capacidades. El tamaño óptimo de las cooperativas y el antecedente de éxito pueden ser las futuras áreas de investigación.

Palabras clave

Cooperación, agricultores pequeños y marginales, cooperativas, desarrollo agrícola

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Cooperatives have played an important role in the growth and development of agriculture in India. India, being an agrarian economy, the role of collectives in promoting development in agriculture is largely appreciated. Historically, collectives came into existence to help small and marginal farmers. It is evident in literature that agriculture needs two types of services i.e. credit as well as non-credit services. The experiences suggested that a holistic approach to providing integrated services has worked well for agriculture. The history of agriculture collectives goes back to the late eighteenth century when farmers were debt-ridden and initiatives were being taken by some leaders to organize farmers into groups.

The literature suggested that the very first step in the evolution of cooperation was when the Cooperative society Act came into existence in 1904. Since then the cooperatives have come a long way. A recent report suggested that in 1950-51 there were 1.8 million cooperatives with a membership of 13.7 million people, it increased to 8.5 million cooperatives involving 290.1 million people in the year 2016-17 (Shylenra, 2021). However, the focus of this Act was on credit cooperative society. It is important to understand that for promotion of Agriculture, the role of credit as well as noncredit societies became important. In the last more than 120 years of formal existence of cooperatives, there have been a lot of changes in the form of the organizations. In the recent context the focus again has shifted to informal forms of collectives like Self-help groups (SHGs). Cooperation has become one of the successful tool in promoting agriculture and rural development in India. Realizing the importance, recently government of India has promoted a separate ministry named as “Ministry of Cooperation” As India had a good base of cooperative movement in India, there has been a lot of research conducted in India on cooperatives. This is an important step to promote collectives in India. In this context, this study is rightly placed in exploring the evolution of collectives and derive policy lessons for the same. This will help in strengthening the movement of collectives in India. The findings of the paper are also supported by data from RBI archives based in Pune on policy documents on policies of agriculture finance.

Methodology

This study tries to trace the evolution of the cooperative societies in India. This paper used a combination of primary and secondary data to trace the evolution of collectives in India. A review of the research in cooperatives from the Scopus online databases (<http://www.scopus.com/>) was performed. The scrutiny of the articles through the Scopus database was done through the relevant string words and syntax commands such as “Cooperative” OR “Co-operatives” AND “India”. A total of 1664 journal articles were found on the database related to this string in English. While exploring the literature, it was realised that more than 90 per cent of the literature started evolving in the post-liberalisation phase (post-1991). Primary data on collective evolution before this period were collected from the RBI Archive Museum based in Pune to review unpublished records. This museum has a collection of unpublished policy-related documents in more than 28000 files. Files were sorted for the related content, and relevant policy documents were collected for further

analysis. The collected data is in reports, working papers and articles. Some of the articles even date back to the early 20th century. Other secondary sources like research papers and reports are also used to understand cooperatives' evolution. A total of 408 journal articles were found relevant in this context. The overlay visualisation of the scholarly literature in cooperatives in India was performed using the VoSviewer software. The VoSviewer software is used to create and develop an understanding of the evolution and linkages of different keywords based on their occurrences and strength of association in the cited works of literature of a particular domain resulting in a network and visual charts as its results.

Historical Evolution of Collectives

The evolution of Agriculture collectives is traced back to the late 18th century. Based on the secondary review of literature, and looking at the various formal and informal initiatives in promotion of agricultural collectives the evolution of collectives is classified as, Preparatory phase (Before 1904), Evolution phase (1904-1930), Assessment phase (1930-1947) and Action phase (1947-1990) and Post Liberalization developments. This phase was largely marked with development of self-reliant and autonomous cooperatives (1991- till date). The detailed development in each phase is discussed in the following sections.

Preparatory Phase (Before 1904)

The history of cooperatives can be dated back to the mid nineteenth century from Europe (Brahme, 1984). The Rochdale Pioneers are regarded as of the modern era cooperative structures and can also be regarded as the pioneers in the cooperative movement (Fairbairn, 1994). The cooperative movement in India is generally regarded as the movement during the first half of the 20th Century but it is very important to understand that the cooperative societies came into the picture with the agitation of farmers against exorbitant rates of interest charged by the British regime (Rao, 2003). On the other hand, the agriculture in India remained at a subsistence level till 1850 and mostly food products were grown for their own consumption, rather than selling. Post 1850, Indian agriculture started commercializing (Mulage, 2017). The earliest mention of mutual aid society in India was the '*Anyonya Sahakari Mandali*' organized in the erstwhile princely State of Baroda in 1889. In the initial phase of evolution of cooperatives, the cooperatives were promoted largely on member's initiative. Hence, voluntary membership became the basic principle of cooperation and is followed even now. Various theoretical papers on collectives raised the issue of Free riding (Fehr & Gachter, 2000). It was also being discussed that rewards and punishments can be two options to limit the free riding problem in collectives (Ostrom et al., 1992). It was also discussed that rewards are better than punishment in dealing with the issues of free riding (Cressman et.al. 2012; Choi & Ahn, 2013). One of the biggest debatable issues in collectives was "Tragedy of commons".

Before the year 1879, there was a drastic change in the agrarian structures across different parts of the nations as the colonial government compelled peasants to give more land revenue. The main problem with this expansion in the 19th century was the landlords and higher-level peasants were able to do this expansion with low interest loans but the small land holders and subsistence farmers resorted to moneylenders. The problems further exaggerated when the 19th century witnessed various famines and due to huge debt burdens these small peasants further became tenants. Continuous borrowing from the money lender transferred the land rights to them and the peasants became tenants on their own land. In the late 19th century almost, every peasant became daily laborers and with no means to loans and reserves of the grains, the only option left was to work daily (Rao, 2003). The famine of 1875 further worsened the situation and the indebtedness of the rural peasantry became grave coupled with the refusal of the British Government to remit revenue at the time of distress which caused the famous Deccan Riots or Deccan Revolt (Kamenov, 2020).

The British came up with three acts in this regard: a) The Deccan Agricultural Relief Act (1879), b) Land Improvement Loan Act (1883), c) The Agriculturist Loan Act (1884) (Bharti, 2018). The commission felt that there were two ways to liberate the farmers, either to provide them with cheap credit or to turn the legal system to their side. The objective of the Deccan Agriculture Relief Act, 1879 was to safeguard peasants from the fraud by creditors and some legal provisions to safeguard them. Their land was also kept safe as the land could not be attached even if they failed to pay any debts. The problem with the Deccan Agriculture Relief Act, 1879 was that though it bought the court nearer to the peasants but now they faced severe shortages in the flow of capital from the money lender as the act restricted the recovery of money by harsh practice and neither the government wanted to approve agricultural banks proposed by the ‘*Sahukars*’ as they expected the British government to recover the loans (Chaudhary & Swamy, 2017). As the Deccan Agricultural Relief Act, 1879 was not successful in fulfilling the credit needs of the peasants, two more acts were passed to provide Low interest loans under the Land Improvement Loans Act of 1883. Under this act the loans were mainly long term like sinking of irrigation wells, tube wells, land levelling, and land reclamation etc (Iqbal et al., 2003).

In the year 1884, the Agriculturists Loan Act was passed which also included short term loans for relief of distress and for purchasing seed, fertilizer, cattle, and implements. Often small amounts of provincial budgets were allocated for these loans and these loans remained really scarce and ineffective (Rao, 2003; Bharti, 2018). This led to initiatives at formal as well as informal level to organize farmer’s in collectives. The earliest mention of mutual aid society in India was the ‘*Anyonya Sahakari Mandali*’ organised in the erstwhile princely State of Baroda in 1889 (Jayadev et. al., 2017). The right direction towards the cooperatives act of 1904 was given by Madras government in 1982 as it designated Sir Frederick Nicholson to study the viability of the cooperative movement in India. A similar enquiry was conducted by Mr. Dupernex at the start of the 20th century. They both concluded their reports in the favor of the cooperatives (Kamenov, 2020). Soon this idea got wider attention from the district officers of the North and the Eastern India which led to the start of some pioneer cooperative societies (Dao, 1975). Based on the scale of the problem of credit and to compete with the moneylenders it was recognized that cooperatives are the way. As some of the pioneer cooperatives were already in place, a bill was introduced in the legislative council by

Sir Denzil to formalise this initiative and finally the cooperative societies credit act was passed in the year of 1904.

Evolution Phase (1904-1930)

The passing of the Cooperatives Credit Societies Act of 1904 was considered as an act to remove poverty and encouraged thrift, self-help and cooperation among the peasants (Kamenov, 2020). The act of 1904 was found to be inadequate as it didn't consider non-credit activities. With such a growth in the number of cooperatives the Cooperatives Credit Societies Act 1904 was considered inadequate and a new act in 1912 was introduced which had the provision to include the non-credit societies, form federations and the legal provisions were made to register all the other types of cooperatives. Some of the salient features of the Cooperatives Society Act 1912 was to introduce the registration as federation, classification of societies with limited and unlimited liabilities. Some of the new types of cooperatives which were different from credit societies emerged after this act was introduced such as sales unions, marketing societies etc. (RBI, 1957, pp. 4-6).

In the year 1919 one of the important event took place in the Indian history i.e. Montagu Chelmsford constitutional reforms and the subject of cooperation was now passed on to the provinces. During the earlier days of this reform the ministers of several states were interested in the expansion of this cooperative movement. Bombay was the first state to pass the cooperative Act in the year 1925 followed by other states. The principle of one man one vote was then introduced in several provinces for the first time. There were several problems faced by cooperatives institutions as many suggestions of the Meclagan Committee were not adopted and were just on papers (RBI, 1999). As many cooperatives still faced problems it led to the formation of All India Cooperatives Institutes Association in 1929. The association contributed in the education of office bearers and cooperatives, organizing conferences and contributed in the publication of works related to cooperatives (Khan, 1939). By 1915, more than 800 primary cooperatives were established all over India (RBI, 1915). The first three government committees to investigate the functioning of financial cooperatives: The Edward Law Committee, the Frederic Nicholson and the Maclagan Committee (1915) confirmed the need for the State to actively promote cooperatives. The latter advocated that there should be one cooperative for every village and every village should be covered by a cooperative. Royal commission in its strongly recommended the formation of cooperatives and said “The commission in its report observed that “if cooperation fails, there will fail the best hope of rural India” (Joshi 2014). It is evident from this statement that cooperatives and collectives were regarded as the most important hope for rural areas. This was the period when various societies on purchase and sales unions, marketing societies, and in the non-agricultural sector, cooperatives of hand loom weavers and other artisans.

The Bombay Cooperative Societies Act of 1925, the first provincial Act to be passed, among others, introduced the principle of one-man one-vote, setting up of the All India Association of Cooperative Institutes in 1929. Royal commission on agriculture was another milestone in this phase. The report of this commission, highlighted several weaknesses of the

cooperatives and suggested setting up a dedicated structure for supporting farmers. Since the beginning of the cooperative movement the focus of the cooperatives remained on credit societies. Unfortunately, savings has remained a neglected agenda for cooperatives for long. Mentioning the importance of savings in the sustainability of the cooperative, it was mentioned in a note on rural savings that “A truly cooperative society should be self-financing and this is possible only if and when within its framework it can effectively organize and promote local capital formation and mobilize and pool local savings and utilize them in its business” (File no 8159, P.no. 68, RBI, 1950). It clearly reflects the need of savings in making the cooperative sustainable. Some informal societies were formed named as salary earner societies. The basic objective of these salary earner cooperatives was to promote savings among wage earners particularly low and middle income group (Bharti, 2018). Post Cooperative Societies Act 1904, several committees like the Maclagan Committee in 1915, the Royal Commission on Agriculture in 1926- 27, and Darling’s Committee in 1935 reported that money lenders were the prominent source of finance for the farmers. Formal agencies like cooperatives and commercial banks had financed only 3.3% and less than a per cent respectively (Pathak et al., 2022). This led to the recommendation for an apex institute for supporting lending through formal organizations. This phase was marked with its ending with idea generation of setting up of an apex institution which led to the establishment of RBI in 1934.

Assessment Phase (1930-1947)

As cooperatives started evolving, so were the problems of cooperatives. In 1930’s they started showing early signs of sickness. A study by Pantulu (1944) mentioned that the interest rate was lower when cooperative movement succeeded, but primarily the benefits expected from cooperative movement have not been realized. He further concluded that these cooperatives had achieved very little based on the economic efficiency parameters. Based on the recommendations of the Royal commission of agriculture RBI was set up in 1934. Agriculture credit was identified as one of the important areas of work for RBI. A separate Agriculture department was set up in 1935. In 1936, the Darling Committee also recommended reorganising the cooperative movement to overcome the problem of over-dues (RBI, 1970). In 1937, Mehta Committee recommended the reorganization of Cooperative Credit Societies as multi-purpose cooperatives. Reserve Bank of India started refinancing cooperatives for Seasonal Agricultural Operations from 1939. Land Mortgage Cooperative Banks were established in 1938. Agricultural Finance Sub-committee (1945) observed that a large number of cooperatives had heavy over dues. It was recommended that they these should be settled against member’s repaying capacity. Another committee i.e. Agriculture finance committee concluded that small size is one of the major reasons for the failure of the cooperatives. For helping these cooperative banks, In 1944, the Gadgil Committee recommended that the debts should be adjusted. They also recommended that Agricultural Credit Corporations should be set up where cooperative agencies were weak. In 1946, Khera District Cooperative Milk Producers Milk Union known as Amul was registered. Post-independence, the dairy movement got momentum and cooperatives became one of the most

important vehicles to push agriculture and allied activities. This phase ended with a very important development i.e. independence. This gave us a freedom to frame our own policies. Several innovations were tried in the next phase.

Action Phase (1947-1990)

Post-independence, India got the freedom to take action to revive our cooperative system. It was noted in a report on Memorandum on interest rate in the year 1955 that out of total 134815 agricultural societies, 112059 or almost 80 percent of the societies were only credit societies that too in rural areas and even those societies. Hence it is right to conclude that credit movement was the basis for the agriculture cooperative movement in India ([RBI file F7921, page no. 13, RBI, 1953](#)). The report also mentioned that agriculture cooperative movement has not been able to succeed on the aspect of reduction of interest rate. The usual rate of interest which prevailed during that period was 12-15%. In a striking figures quoted by this report it was noted that at the end of 1948-49 the total loan disbursed to each member by these cooperative credit societies were about Rs. 30/- to 35/- only. A study by Arora and Iyengar ([1960](#)) mentioned that the per capita income was around Rs. 250-260/-during this period. As per this, the loan disbursed to the member was about 10 per cent of the per capita income, which seems to be very less and insufficient for any business activity ([Saini, 1969](#); [c.f. Arora & Iyengar, 1960](#)). It is important to note that several committees have repeatedly stressed upon the need for lower interest rates i.e. Gadgil committee in 1944, All Indian cooperative Planning committee (Saraiya committee) and the Bombay agricultural credit organization committee (Nanavati committee). The recommended interest rate was 4-6 percent and the usual interest rate charges was double than what was expected to be charged. In the process, these cooperatives faced the issue of substantial overdue, leading to choked new lending and recycling of funds. This not only led to poor financial viability but also led to rising of moneylenders ([Dubhashi, 2001](#)).

Post-independence cooperatives were doing well in Gujarat and became the source of economic prosperity. They were innovative in technology too. They also became one of the important vehicles for social and economic mobility ([Suhrud, 2003](#)). In the year 1948 a report of the Agriculture credit organization committee was submitted. The report mentioned that “Those credit societies who have taken the non-credit activities should be designated as multipurpose cooperative”. This report also highlighted the importance of multipurpose cooperative societies and recommended that all societies should be multipurpose only. Even the existing cooperative societies should be changed to multipurpose societies. The loan limit for short term and medium term loan was proposed to be raised from Rs. 200 to 300 and 400 to 500 respectively ([File no 7876, p.no. 30, RBI, 1948](#)). The committee also recommended that as the cooperatives are meant for welfare of the farmers, there should not be any capping on the number of members. This was an important decision to support the cooperative movement and is still followed in principle. The report also recommended the provision of loans for these societies at an interest rate of 4 percent. The basic and smallest form of multipurpose societies at village level are PACS.

As cooperative societies started growing, the concerns of the quality of the societies started coming up. Shah (2016) mentioned that to have a successful cooperative, we need a liberal and nurturant policy. A repressive and paternalistic policy will not help cooperatives. In 1965, The Mirdha Committee proposed the various standards to determine the genuineness of cooperative societies. He also suggested measures to remove non genuine societies. It is important to note that every state had its own Cooperative Act and there was lot of variation among the rules and norms under these act. This hindered the process of expansion of cooperatives in other states. With the objective of introducing a comprehensive central legislation to facilitate the organization and functioning of genuine multi-state societies and to bring uniformity in their administration and management, the MSCS Act of 1984 was enacted. In the early stages of development of Banks, the banks were meant to supplement the cooperative credit. In May 1964, the Governor of the Reserve Bank of India constituted an informal group to suggest suitable measures to ensure sufficient agriculture credit, particularly in the areas where cooperative has not been able to meet the demand (File no F8066, page no 14, RBI, 1964). The committee recommended that the banks should get the same facilities given to the cooperatives. This clearly reflects the focus on cooperatives for meeting the demand of agriculture credit. Interestingly the committee recommended that the bank should focus on the larger farmers whose credit need cannot be met by the smaller funds of cooperative. The committee felt that there should not be overlapping of activities that will create wasteful competitions. Cooperatives were trusted more for meeting the short term credit needs of small and marginal farmers at village level. Commercial Banks were instructed that if they want to get into these activities, they need to develop their organizational capabilities (File no F8066, page no 15-16, RBI, 1964).

In the second five year plan the budget was fixed at 150 crores, 50 crores and 25 crores for short term, medium term and long term cooperative credit respectively. This clearly indicates the focus on short term credit through cooperatives. A working group appointed by the government of India felt that this target should be revised at Rs. 400 crores. This will need expansion of cooperative credit structure. Sir, Malcolm Darling who visited India on the request of the Government of India warned that this kind of expansion needs 10 years of time and any hasty expansion will lead to severe consequences. It was also identified that Primary societies are the foundations of the cooperative credit structure and need to be strongest to give the whole structure a strong base (File no F8220, p.no 106, RBI, 1960). In this era, lot of focus was given on evaluating the performance of cooperatives. Dealing with the sickness in the cooperatives was one of the key concerns of the policy makers. Several studies were conducted to evaluate the performance of the cooperatives. It was reported that in 1956-57, nearly 1/3rd of the agriculture cooperative societies that worked at lessor did not make any profits. Low working capitals were also identified as one of the key problems in the primary level cooperatives. It was estimated that to be viable, a primarily level cooperative should have a turnover of Rs. 20000 to 25,000/- (File no F8220, p.no 108, RBI 1960). The rural credit Survey committee stated that the success of the crop loan system will largely depend on the link between credit and marketing. Cooperative marketing was also recognized as one of the key features of cooperatives. It is important to note that three states namely Andhra Pradesh, Bombay and Uttar Pradesh accounted for about 70 percent of the total business of

the cooperatives. Rest of the states could not perform well (File no F8220, p.no 111, RBI, 1960).

Post Liberalization Developments

The next phase of study was from the year 1991- till date. This period is called the Post Liberalisation period, as economic liberalization happened in India in 1991, also called the opening up of the Indian economy. As we liberalized, cooperatives were questioned as commercial entity. This phase talked about some of the crucial issues of Cooperative banks. Several prudential norms like asset classification, income recognition and provisioning were imposed on cooperative banks in 1996–97 without financial recapitalization support. It is important to note that commercial and regional rural banks were given this support. Capoor Committee strongly recommended that the cooperative law should be reformed and dual control of government and RBI should end for the benefit of the cooperative (Dubhasi, 2001). The year 2002 was an important year for cooperative as Producer companies act was amended and new cooperative policy was brought. This phase is largely known for the development of self-reliant and autonomous cooperatives (Post 1990's- till date). This phase was also divided into two phases i.e. up to 2004 and from 2005 to till date. The era of 1990-present is important as it exposed the cooperatives to competition with the private agencies after the opening up of the economy in the year 1991. In 1990 the planning commission appointed a committee to suggest the future directions in the cooperative movement. After the recommendations of the committee a draft model cooperative law was passed on to all the states as cooperation is a state subject. As post 1991 the cooperatives faced challenges to compete with the private players, the government wanted cooperatives to play a role of job generating organizations for small farmers, artisans, laborer etc. Post Liberalization, focus was on promoting cooperative organizations that can be self-managed, autonomous and professionally managed.

Some of the important developments in this movement took place in early 2000's with Multi-State Cooperative Societies Act, 2002, National Cooperative Policy, 2002 and The Companies Amendment Act, 2002. The Multi-State Cooperative Societies Act, 2002 was modified from the act of 1984 to promote the multi-state cooperatives and also included federal cooperatives. The main focus of the national cooperative policy 2002 was to reduce the political influence in cooperatives and barred any Member of Legislative Assembly and the Member of Parliament to be an office bearer in cooperatives. As the focus was on the overall development of cooperatives the task force also emphasized that there should be a single law instead of parallel laws in various states. This phase also saw the evolution of informal collective i.e. SHG (Self-help groups). With the intervention of NABARD, SHG evolved in 1992. In the process of development of SHG, the formal form of SHG federation also came into picture. In this era, we talked about sustainable organization. In this era, we also talked about a bottom-up approach for development. Participatory rural appraisal (PRA) became one of the important tools in driving this bottom up approach of development (Chambers 1992, Chambers, 1994). In this model, Community based organizations (CBOs)

played an important role. As collectives have always been used as a support for small holder farmers, in recent times, Farmer producer organization (FPOs)/ Farmer producer Companies (FPCs) have evolved and is supported by policy makers. Farmer producer companies are New generation cooperatives and are a hybrid between cooperative and private companies. They are expected to become financially sustainable and are involved in various business activities to support their members (Trebbin & Hassler, 2012).

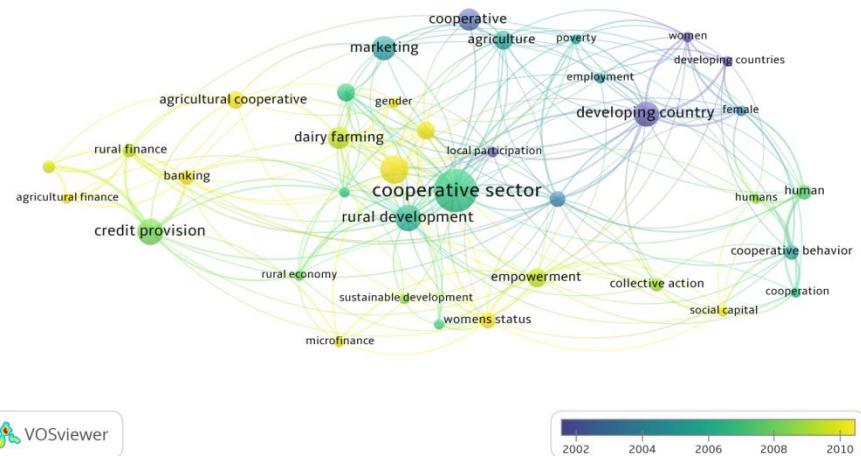
Conclusion

Collectives have played an essential role in India's economic development. As the cooperative movement started with a heavy bias towards credit societies, Bell (1990) highlighted rural credit cooperatives' role in expanding institutional credit. Over the years, the cooperative movement in Sugar cooperatives has helped them to expand and innovate due to increasing competition (Attwood, 1989). Cooperatives have also acted as tools for poverty reduction, as seen in the case of Mahila Milan, where thousands of small saving groups were formed by poor women (Appadurai, 2001). Cooperatives also brought entrepreneurial spirit amongst women and formed many small businesses (Datta & Gailey, 2012). Reardon et al. (2012) emphasised the role of marketing cooperatives in enhancing small farmers' access to bring a supermarket revolution in India. Burra et al. (2003) and Bouma et al. (2008) discussed how cooperatives had helped people experiencing poverty in India to manage ecological, community and sanitation programmes over the years. Cooperation has also helped make health insurance accessible to people experiencing poverty (Aggarwal, 2010). Thus, collectives can help Indian Agriculture become profitable. It can help the farmers in dealing with several issues of high input cost, low price of their produce, lack of access to credit, Lack of access to markets etc. In past, several initiatives were taken to promote collectives in agriculture. However, it is important to note that some of these cooperatives have succeeded whereas, some could not achieve the success. Based on the nature activities taken to promote these collectives the evolution of cooperatives can be classified in different phases i.e. preparatory phase (Before 1904), Evolution phase (1904-1930), Assessment phase (1930-1947) and Action phase (1947-1990) and post liberalisation. Each phase has its own importance in promoting agricultural collectives in India. Post Liberalization phase is also categorized into two sub category pre cooperative policy and post cooperative policy. As new generation cooperatives are a hybrid between cooperatives and private companies, it is important to explore the factors affecting the success of cooperatives from the past. It was discussed that group structure is important and homogeneity plays an important role in determining the success of the cooperatives (Warings & Bell, 2013).

Realizing the importance of collectives in promoting overall development of country, special budgets were allocated for promotion of these collectives in agriculture and allied sectors. This paper attempted to trace the evolution of agriculture collectives and also to identify the trends in cooperative evolution. The paper concludes that though the history of collective is older than a century, largely the literature started evolving in post liberalization

Figure 1

Overlay Visualization of the literature on Cooperatives in the Post Liberalization period



phase. As social capital promotes the creation and development of cooperatives (Saz-Gil et al., 2021), social capital has started as one of the predominant themes in collective literature. The literature has evolved around the themes of social capital defined by Grootaert et al. (2003), such as Groups and Networks, Trust and Solidarity, Collective action, empowerment and cooperation, Information and Communication, Social Cohesion and Inclusion and Empowerment and Collective Action (Figure 1).

Future Directions and Recommendations

Some of the policy lessons from the past which are still relevant for agricultural collectives of the 21st century are problems related to working capital, free riding, legal problems related to licenses, filings, capital infrastructure and management skills. Also, history suggests that cooperatives formed through members initiatives are successful, so policy makers should focus on capacity building to create self-sustainable organizations which financially and operationally independent. Optimum size of the cooperatives in terms of number of members and various standards and framework to determine the success are the areas less explored and can be taken up by future studies. As rightly stated by the Royal Commission on Agriculture (1928) "If Co-operation fails, there will fail the best hope of rural India", the policy makers should work holistically to support collectives for sustainable development of smallholder farmers in India. These policy lessons are equally valid for collectives in other countries too.

Collectives in its various forms e.g. formal as well as informal has always helped people in dealing with several pertinent issues. Several studies focusing on the best practices in collectives, issues and challenges in running a successful collective, factors affecting the success of collectives can be planned to explore this sector further. As the trend suggested, the social capital is emerging as one of the motor theme in this area, researchers are encouraged to work on the social capital aspect of this domain.

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