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*Erasmus*

# **Farmer Producer Companies (FPCs): The Limits and Potential in Navigating Indian Agrarian Crisis**

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## List of Acronyms

HYV	High Yielding Variety
NBFC	National Banking Financial Corporation
PACS	Primary Agriculture Credit Societies
RRPPCL	Ram Rahim Pragati Producer Company Limited
SEZ	Special Economic Zone
SHG	Self Help Group
SPS	Samaj Pragati Sahayog

## **Abstract**

This research paper aims to explore the potentials and limits of farmer collective in the form of Farmer Producer Companies (FPCs) while navigating the Indian Agrarian Crisis which is rooted in capitalist hegemony. The research looks at possibilities of FPCs creating counter hegemony to the structures which are leading to crisis. To address this, I have used ‘Symbiotic Transformation’ (by Erik Olin Wright); transformation via collaboration of opposing group interest and heterodox framework of critical agrarian studies.

The research is carried out by examining the case of Ram Rahim Pragati Producer Company, an FPC based in the state of Madhya Pradesh. The FPC is facilitated by a civil society organization working in the region. The members of the collective are tribal women who are small and marginal farmers. Through its collective endeavor they are challenging exploitative moneylender/trader’s nexus and harmful Green Revolution practices. To undertake the study, I conducted qualitative online interviews with the members and leaders of the collective. I combine this primary data with secondary data and literature for analysis.

## **Relevance to Development Studies**

The hegemony of capitalism has penetrated the everyday practices of agriculture and the Indian state’s rural development paradigms. Farmer Producer Company (FPC) is an interesting hybrid entity, as it was formulated within this hegemony but has also posed substantial challenges toward it. Mainstream literatures on FPC are based on apolitical and technocratic approaches that render the multidimensional agrarian crisis and internal problems as a set of technicalities. They neglect the fact that Indian agrarian crisis is significantly related to the metamorphosis of capitalism as a historically specific mode of production. Meanwhile, agrarian movement scholar-activists often label FPC as a merely “reformist” organization that is not potential enough to counter the hegemony, despite its nationwide reach and coalition with civil society organizations. This research paper seeks to explore the middle-grounds by showing a nuanced examination of FPC as a simultaneous site of survival and transformation for the marginal farmers that become its members. It contributes to understanding a problem of agroecological social movement: how can marginalized people challenge the impoverishment and ecological degradation caused by capitalism? Engaging with questions of alternatives and transitions is a major preoccupation of agrarian, food, and environmental studies (AFES) in their critical analysis of development policies and practices.

## **Keywords**

Farmers Collectives, Farmer Producer Companies, Indian Agrarian Crisis, Hegemony

# Chapter 1 : Introduction

## 1.1 Indian Agrarian Crisis and Responses

Indian agriculture is in crisis for a long time (Patnaik 2008; Walker 2008). The root of this crisis can be traced to two important cornerstones in post-colonial Indian development history. First is the advent of Green Revolution in late 1960's, often celebrated for making India self-sustainable in its food requirement but in the long term it brought several ills. The Green Revolution package included HYV (high yielding variety) seeds, chemical fertilizers and pesticides, tube wells for groundwater etc. It made farming expensive and caused ecological instability. (Walker 2008) The other cornerstone of the crisis is neoliberalization beginning from early 1990's, celebrated as increasing nation's GDP (gross domestic product)/ 'growth' but it was restricted to few sectors and excluded among others Indian agriculture sector. (Bhaduri 2008) With neoliberalization, state support to farmers in terms of accessible credit and subsidies for various inputs diminished which led to further increase in cost of doing agriculture. In addition, competition from global market lowered the food prices resulting in shrinking of farmers income. (Patnaik 2008)

In the recent past India has witnessed several farmer's protests across the country. Farmers from Tamil Nadu protesting in New Delhi in 2017, farmers from Madhya Pradesh protesting in June 2017 culminating in state violence where 6 farmers lost their lives, 13 days farmer protest in Shekhawati region of Rajasthan in September 2017. In March 2018, farmers marched on foot from different parts of Maharashtra to state's capital city Mumbai. In November 2018, a similar march was done by farmers from different parts of the country to the capital New Delhi. These protests reflect the distress among Indian farmers regarding the agrarian situations. (Himanshu 2019; BBC News 2018; and Daniyal 2017)

There are two major demands across all these protests. First is the waiving of loans. The indebtedness among Indian farmers is often cited as the main reason behind the highly disturbing fact of farmers committing suicide. Second is the increase in the minimum support price (MSP) of farm produce. The Green Revolution package which with other things included nominal flooring of prices of several farm produce. In addition to that, the government also buys some of these produces, mainly rice and wheat, based on a fixed MSP. The announcement of MSP does not necessarily bring changes in the price of the crop in the market except the changes due to competition when the government starts buying some of the crop. Indian Agriculture for long is in crisis and the demands coming from farmers' protests reflect its characteristics. Agriculture has become heavily dependent on credit, and market price of agricultural produce is not enough for farmers to begin the next farming cycle smoothly or repay the debt. (Himanshu 2019)

Though it is debated that participation in farmers protests is often populated by rich farmers who got benefitted by institution of Green Revolution but in recent protests small and marginal farmers took part in huge proportion (Suthar 2018). These small and marginal farmers are amongst the most affected by the crisis and having hard time to continue simple reproduction and forced into indebtedness causing more than 320,000 farmers committing suicide since the 1990's. (Nadkarni 2018; The Wire 2019)

There are various responses to the crisis from various actors—state, farmers, civil society organizations—which are simultaneously diverse and similar, as well as interrelated. Amongst other responses is the government endorsement of farmer collectives in the form

of Farmer Producer Companies (FPCs), where farmers, civil society organizations, and the state all are involved and acknowledging the potential of FPCs in addressing the dire situation in rural India. It's not the first time Indian government is resorting to formal farming collectives to enhance the agriculture development.

## **1.2 Farmer Collectives in India Post Independence**

In 1904, cooperatives as a form of collectives were introduced in India via Indian Co-operative Society Act. It was brought with an aim to secure farmers from the exploitative endeavors of moneylenders and traders who were often the rich landlords. After acquiring Independence from colonial rule of British in 1947 the Indian government continued giving importance to cooperatives to bring development in Indian countryside. Though initially the idea of co-operative was emigrated from Europe, but later the support to it was also influenced by China's experience and with Gandhian impressions on rural socio-economic development. (Agarwal 2010; Baviskar and Atwood 1984) After independence, cooperative sprang across the country as Primary Agriculture Credit Societies (PACS). In the beginning it was concentrated in providing affordable credit to farmers but with time it got involved in other frontiers like banking, processing and marketing (Baviskar and Atwood 1984).

Largely these cooperatives were involved in service provisioning related to input, output marketing, and credit. Inspired with the experience in China, there were also instances of state forming cooperatives which pursued joint production, but it met with a backlash from big landlords who were unwilling to do away with their land ownership. These landlords were also a huge segment of ruling party's support base. Consequently, the idea of joint production didn't really fly and became obsolete with the arrival of Green Revolution which incentivized rich landlords to do private cultivation and favored competition. (Agarwal 2010)

Cooperatives involved in service provisioning also largely failed in the bringing positive impacts as it was thought. Only a few of them, most notably, in western part of the state of Gujarat involved in dairy and in Maharashtra involved in sugarcane were able to bring economic gains for members. (Baviskar and Atwood 1984; Bikkina and Bhamoriya 2018) The reason for these oasisious success of cooperatives according to the comparative analysis done by Atwood and Baviskar (1987) is related to the specific context of commodities the collective is dealing with like availability of markets and mostly it was large scale farmers collectives who were capable of pooling economic and social capital which helped in having access to expertise. Though, the state played in providing administrative, technical and financial support but when it interacted with unequal rural society it often indulged in corruption and party politics which paved the way to capturing of these collectives by the rich farmers. (Baviskar and Atwood 1984; Trebbin and Hassler 2012) As Sharma (2013:45) mentions "...control of local elites [of cooperatives] in virtually all parts of the country and tended to operate as political rather than economic agents" caused its failure. In addition to that most of the cooperatives were devoid of technical and managerial skills which brought losses and consequently closure. Later with the arrival of neoliberal regime state support for these cooperatives declined and many more became dysfunctional. (Padmaja et. al. 2019)

## **1.3 Farmer Producer Companies and the possibilities?**

Indian government brought FPC as a farmer collective in 2002 via an amendment to the Companies Act, 1956 (Bikkina and Bhamoriya 2018). This new form of collective is inspired by the market oriented New Generation Cooperatives which emerged in Canada and US



(Singh 2013). Learnings from the failures of cooperatives, FPOs are designed to restrict the interference from state. According to Shah (2016), there have been no complaints about political interference or suppression by government in producer companies. The issue of lack of expertise in cooperatives is sought to be resolved by hiring professionals such as CEO to support these FPCs.

FPC is considered as a mix of cooperative and private company, as it is based on mutual collaboration with one person one vote but at the same time it is also market oriented with little interference from state. (Trebbin and Hassler 2012) The collective can be formed with 10 or more individual primary producers or two or more groups of primary producers. The owner of these FPCs are the farmers, primary producers, themselves who become member by buying shares. These shares can not be transferred to outsiders which restricts the take over by any private entity. The accumulated share capital is then used for its functioning. Members of the collective then select a group of directors among themselves. Then these directors' hires professionals to deal with administrative, and business tasks. (Bikkina and Bhamoriya 2018)

Since FPCs introduction as new form of collectives, more than 7,000 producer companies have been formed in 33 out of 36 states and union territories of India. Majority of it was formed after the year of 2014, coinciding with various schemes and support from the government (Govil et.al. 2020). State facilitated organization Small Farmers Agribusiness Consortium (SFAC) and National Bank for Agriculture and Rural Development (NABARD) played a hand in forming many of the FPCs and providing some capital support and many more are formed by the civil society organizations working in the countryside. (Padmaja et.al. 2019) The numbers of FPCs are expected to increase further in the coming years. The finance minister of India, in the Union Budget speech of 2019, stated that in the next five years the government will be forming 10,000 new FPCs which will help farmers overcome their precarious position amidst the Indian agrarian crisis. (Nirmal 2019)

The FPCs are involved in activities such as “production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of the members or import of goods or services for their benefit” (Singh 2013:23). It is hoped that by pooling their resources farmers will get advantage with their aggregated bargaining power and economies of scale. In the context of rising numbers of agro-food companies and their greater control over production, processing, and retailing activity (McMichael 2009), FPCs are sought to create a vertical coordination with these agro-food companies to bring benefits to farmers by getting better remuneration and to these industries by having large reliable supplier which fulfils the strict requirement and standards (WDR 2018; Trebbin and Hassler 2012).

However, on the ground many FPCs are facing troubles in improving farmers distressful socio-economic situation and incurring losses even with the financial and operational support from state facilitated organizations and other facilitating civil society organizations. Several existing challenges that FPCs face are related to “low capital base, insufficient external finance, talent gap, operational issues, weak governance, inadequate storage and processing facilities” (Govil et.al. 2020:9).

In this context, this paper will analyse FPCs in the context of Indian agrarian crisis. The research questions which guides this paper is a) how small and marginal farmers which includes more than 85% of India's farmers (Govil et.al. 2020) are utilizing the FPCs? b) what is the potential and limits it has in navigating prevalent agrarian crisis? c) to what extent it counters or reproduces the structures which led to the crisis?

## 1.4 Theoretical Orientation and Method

### 1.4.1 Symbiotic Transformation and Counter Hegemony

In the theorization of alternative to capitalism Erik Olin Wright mentions “symbiotic transformation”. It is a way of social transformation where increasing social empowerment is linked with effective social problem-solving in ways that also serves the interest of elites and dominant class. Simply put, a compromise between opposing interest of classes. It is not restricted to class based collective action but also exist in other spheres of social change. Erik suggest that it is a movement towards “long-term metamorphosis of social structures and institutions in a democratic egalitarian direction”. (Wright 2010:252) Burawoy commenting on these ideas suggest that the rub is how to convert the Polanyian counter movement to Gramscian counter hegemony. (Burawoy 2020)

Hegemony is a historical process through a particular social group becomes dominant and retains the dominant position by shaping preferences/interest of other non-dominated groups such that it aligns with their own. According to Gramsci, “in a capitalist class society, dominance is maintained through a combination of strategies. On the one hand, there is political society, which is that part of the state where sheer force is deployed. But the other part of the state is civil society, where domination is legitimised, and hegemony is exercised through the manufacturing of consent.” (Shah 2014:38). According to Fontana (2006), manufacturing of consent via civil society becomes central to hegemony.

Gramsci distinguished between two ways of countering the existing hegemony. First is War of manoeuvre which is related to overthrow of state. While the other is war of position which is resisting the domination in the domain of civil society (Shah 2014). Hegemony is not central to state, it is exercised and materialized in wider social and political forces (Gill and Law 1989). Therefore, any project of counter hegemony has to deal with the socio-economic-political relations in civil society. Gramsci’s understanding was “one should refrain from facile rhetoric about direct attacks against the State and concentrate instead on the difficult and immensely complicated tasks that a ‘war of position’ within civil society” (Buttigieg 2005:41).

### 1.4.2 Agrarian Debates

With the above concept of symbiotic transformation, hegemony and counter hegemony the research will also include ideas from several camps of mainstream approach in understanding agrarian problems, to understand Indian agrarian crisis and FPCs potential and limits in navigating it.

Neo-classical scholars suggest that farmers are ‘rational’ beings who are striving for maximizing their profit and utility via doing calculation and taking risk. They are willing to improve their agriculture practices with a goal of increasing efficiency and productivity (Popkin 1979). Overtime, with increased productivity the additional workforce in agriculture would be shifted to industrialization (Rostow 1960). Initially bearing the flag of free market and no state-intervention now there is the institutional theory within neoclassical economics. One of NIE’s main concerns is to fix the ‘asymmetry of information’. The choice made by an individual depends on the information they have and in the absence of complete information making rational choices becomes difficult. It causes lack of efficiency and increased transaction cost. For that reason, the institution's role of providing information becomes important to enhance ‘rationality’. (North 1995) Formal institutions such as private property rights,

clear tenurial concession, market, credit, and contract will smoothen their profit maximization (Popkin 1979).

A camp well-known for its critics toward neoclassical economy is Agrarian Marxism. There are several theoretical debates under the banner of Agrarian Marxism which is quite heterogeneous, with numerous obsolete and ongoing debates. But predominantly, it concerns with “trajectories of agrarian change within capitalism in all its varied and geographically uneven forms” (Levien et al. 2018:856) with major focus on critiquing and transforming capitalism via a class analysis (Bernstein 2010). They often believe in a similar trajectory with mainstream neo-classical economics, agriculture leading to industrialization with concentration of wealth taking place in the countryside. For them the change from feudal to capitalist mode of production will be taking place as concentration of capital taking place in the countryside eventually separating the agrarian classes into two classes labourer and rich farmers. Often critiqued for over determinism by insiders and outsiders, it has grown by considering post structuralist critique.

Meanwhile, Chayanovian scholars criticize the linear understanding of agrarian “depeasantisation” into industrialization. They subscribe to peasants having their own logic different from capitalism. In capitalism, production takes place in order to earn profit, but for Chayanovian scholars it has more to do with subsistence. Peasants for them are owners of means of production and rely on the family labour and self-exploitation. The question of autonomy from commodity relations becomes central in the debates with the balances of external and internal output. Chayanov presented ideas of vertical co-operation to engage with the market and increase productivity. (Shanin 2009) In difference from Marxist, particularly Lenin, Chayanov contradicted social differentiation and suggested that differentiation among peasants is cyclical and demographic and as mentioned above with exploiting self they are able to reproduce themselves.

### **1.4.3 Method**

For the research I have used the available academic literature on Indian Agriculture to get insights on the context under which FPCs are established and functioning. Use of published case studies and academic literature is done to understand how FPCs are functioning and engaging in various relations. It was thought that primary data collection would be useful because FPC is a recent phenomenon and there has been a dearth of existent literature. In India while working with farmer collectives I've engaged with several FPCs which has helped in reaching out to them to assist in the research. Initially, the plan was to go to the site and collect data from two FPCs but later because of unprecedented difficulty in the logistics due to Covid-19 pandemic, data collection was done with the help of only one of the FPCs. The FPC, Ram Rahim Pragati Producer Company Limited (RRPPCL), is based in the tribal region of Dewas district of the state of Madhya Pradesh. It is facilitated by Samaj Pragati Sahayog (SPS), a civil society organization, working in the region. All the farmer members of the FPCs are women and also tribal which is often considered as the marginalized section of Indian society.

I have conducted qualitative semi-structured interviews with Animesh Ji, a professional from SPS who oversees the functioning of FPCs and agriculture related work, and two board of directors of FPCs; Chinta Ji and Meera Ji, and two other members of the collective; Champa Ji and Dewaka Ji. The interviews were done online with the help of two of the FPCs professional; Gangaram Ji and Sakharam Ji who belong to the same community as other members of the FPCs. Both use phones with the internet and visited the farmers with whom

I interviewed and did video calls or audio when the phone network was not too strong. The interviews included questions regarding the internal structure and functioning of FPOs and questions regarding the engagement with the external entities like state, civil society organizations and market.

## **1.5 Chapter Organization**

In chapter 2 there is discussion on the context of agrarian structures under which FPC is taking shape. It will bring forth the hegemony which is causing the agrarian distress. In chapter 3 there will be the findings from the interviews of RRPPCL. There will be discussion on how the FPC is functioning its engagement with external structures and internal dynamics. Chapter 4 will include the analysis from the findings and will answer aspects of the research puzzle. Chapter 5 will be the conclusion of the research.

# Chapter 2: Hegemony and Predicament of Indian Agriculture

## 1.1 Hegemony Inter-state

Post-independence from British colonial power India focused on industrialization with science and technology as a mean of development. Agriculture sector was to help in financing the industrial development by providing cheap resources in terms of capital and labour. To keep the wages low it requires increase in agriculture production which would help lowering the food prices (Varshney 1995). This idea of development was rooted in the western capitalist hegemony (Escobar 2012). In addition to that the successive drought seasons in mid-1960's brought another incentive to keenly work on increasing the food production.

In this context Rockefeller Foundation through its work in Mexico in 1940s already generated varieties of wheat and rice which would provide high yield. In coming decades of 1950s and 1960s the Rockefeller Foundation worked on spreading these new seeds in other parts of the world with the help of Ford Foundation and US government. (Brown 2018) At the time rising communism was seen by US as a threat to its dominance which relied on capitalist mode of production. US sold the idea of Green Revolution (using of high yield variety seeds and other chemical inputs) to Indian government with the veiled agenda of restricting spread of communism. Before Rockefeller put steps in India in 1951, Karl T. Compton, one of the trustees of the foundation, said "I suspect that India may be fertile ground for activity in this field. The overpopulation, the low living standards and the threat of communism are of course well known" (Patel 2013:5). With this Green Revolution which incentivized capitalism mode of production became an instrument to limit the growing communism sentiment. It complemented the US foreign policy which made it easy for US government to support the proliferation of the Green Revolution package.

India at the time in the leadership of Nehru heralded the country as 'mixed economy' in the midst of Cold War debates. With the implementation of Green Revolution, the existing socialist ideas of land reforms in Indian planning, the distribution of land from rich landlords to the tillers became obsolete. Instead these rich landlords due to cost-intensive nature of Green Revolution packages became catalyst to it. In this context pushing the ideas of land reforms further meant doing away with the base of Green Revolution. The failure of land reforms restricted the equitable growth and by enhancing the inequality in the long run. (Patel 2013) Another idea which Indian planners had was of import substitution which would help country building its own capital by protecting the domestic market from global competition. But via Green Revolution US entered the domestic market with its seeds, fertilizers, and pesticides in the name of aid and helping India increasing its agricultural productivity. US at the time had enormous supply of these goods as in the country they were already practicing agriculture with these inputs. It supplied the surplus to India via US Agricultural Trade and Development Act (PL 480). India took part in the largest seed transaction in the history by imported 18000 million tons of high yielding variety seeds from US as early as 1966. (Patel 2013; Corbridge 2009)

According to Escobar (2012) the idea of development as we see it now is brought by US. It started with Henry Truman coming into presidency in 1949. An image of third world where people are suffering from poverty and misery was created where US will come to rescue with its advancement in science and technology. In this context the problem of hunger and

overpopulation was created in addition to low productivity and the solution was provided with Green Revolution technology which US actively pushed in implementing. In this regard Green Revolution was a hegemonic project where US was able to sell its ideas of development to India's development as their own. As Jessop (1990) suggest, hegemonic project is to generate a general interest, which in this case was implementing of Green Revolution practices, among the existing conflicting interest.

While releasing the Hunger and Malnutrition Report 2011, Manmohan Singh, then Prime Minister, has said malnutrition as national shame (Mishra 2012). It exemplifies that Green Revolution failed to bring solution to the problem which it was meant to solve. Instead it brought with it the capitalist hegemony. The food agriculture in India went into the direction of capitalist mode of production (Patnaik 1972) which focuses on maximizing individual profit and utility, efficiency and productivity by having a command on nature. As Shive puts it "control over nature and control over people were the centralized strategy of Green Revolution". It is a major factor which lead to the interrelated ecological and economic crisis in Indian agriculture.

## 1.2 Hegemony Intra-state

Before Green Revolution practices were implemented, Indian government inspired from socialist countries implemented land redistribution which would make the tillers owner of land and incentivize them to increase the production. (Varshney 1995) Indian government brought several land reforms in this context which included land distribution and land ceiling. These interventions were countered by the rich landlord class who were bearing fruits from the dominated semi-feudal economy. In various ways they consolidated their dominant position. They evicted tenants to exploit the clause which exempt the resumption of land which is cultivated personally, transferred the titles of surplus land to family members to protect from land ceiling. (Patnaik 1976) Though the reforms saw a limited success and mostly failure, but it transformed the class character in the countryside. (Byers 1981) The landlords who were extracting surplus by rent are now incentivized to cultivate by themselves. And tenants who were evicted from land now work on same land as labour. According to Patnaik the social relations did not exactly transformed into capitalism as the workers were still attached to previous landlords due to past dependencies, she calls the new system 'landlord capitalism'.

In this context, with the onset of Green Revolution practices (use of High Yielding Variety seeds, use of high amounts of chemical fertilizers and pesticides), in the late 1960s, which relied heavily on rich farmers initially, the ideas of land redistribution started becoming obsolete for Indian planners and it further pushed rich farmers into capitalist mode of production while strengthening the economic and political power. (Brown 2018)

The legitimacy over Green Revolution practices was based on support from these rich landlord class who were the major beneficiary. Hegemony of Green Revolution got more strength with state normalizing the practices with various kinds of incentives. As the practices were input intensive state provided subsidies on fertilizers and pesticides. Invested in building large infrastructures for irrigation. To make farmers produce wheat and rice state provided assured market through buying it on a fixed price which are generally higher than the market price. It nationalized the banks and coerce them to open banks in rural areas and provide affordable credit to farmers which would further help them in implementing the practices. These state support made small and marginal farmers incorporating in the new

agriculture paradigm which was based new technologies and rising productivity. (Walker 2008)

### 1.3 Aftereffects

Though productivity with implementing the new technology increased in initial years later it started showing negative returns. Farmers were forced to put higher amount of inputs to get same amount of production. This increased the per unit cost of production. (Walker 2008) The reason for this is the disturbance the chemicals brought to the health of the soil. Due to the requirement of high amount of water, which was often drawn via tube wells, the water aquifers started drying. These negative ecological impacts were so apparent that even Planning Commission acknowledged the terrible result.

*“... agricultural land has been degraded through soil erosion, salinity and alkalinity, and ‘chemicalization’, while its productive capacity has declined due to nutrient mining, imbalances in the application of soil nutrients, neglect of micronutrients and inadequate application of organic fertilizers. Indeed the Department of Land Resources in the Ministry of Rural Development estimates that only one-third of India’s agricultural land is still in good condition, the other two-thirds being degraded or sick to some extent. Its worsening condition has made the soil less responsive to inputs, thereby affecting directly the problem of declining yields. Continued deterioration of the water table, which has fallen more than four meters since 1980 in 264 of the 596 districts, has also had a negative impact on productivity”* (Planning Commission 2007: 15 as cited in Walker 2008:578)

With the advent of neoliberalization in 1991, the state support from the green revolution practices decreased which again affected farmers income. To support the agriculture farmers again moved back of informal moneylenders due to lack of credit provision from state. Which itself wasn’t sustainable, farmers were getting trapped in the vicious debt cycles. (Shah et.al. 2007) Many of the banks in rural region which were opened during Green Revolution phase were shut down (Banerjee 2015). It made farming much more expensive especially for small and marginal farmers. With the agreement with World Trade Organization the trade barriers were removed gradually, and farmer fell prey to global market competition. It made the prices of produce from farmers go low. All these affected the viability of farming and made many farmers leave the farming. (Patnaik 2008) According, to Sainath (2013) everyday more than 2000 farmers have left agriculture since the liberalization. With the creation of Special Economic Zones (SEZs), accumulation took place while dispossessing farmers from the means of production. (Levein 2011; Harvey 2005)

## Chapter 3: RRPPCL a Case Study

In this chapter I will be introducing Ram Rahim Pragati Producer Company Limited (RRPPCL), the FPC I interviewed for the research, and discuss the findings.

This chapter has information gathered through interviews with A) Animesh Ji: Head of Agriculture Team at Samaj Pragati Sahayog (SPS) and has been engaged with RRPPCL since the beginning. B) Chinta Di: She has been part of Board of Directors of RRPPCL since its inception in 2012. Earlier she used to labour on other farms and now a tenant farmer in 3 acres of land. She got divorce from her husband who used to drink and physically abuse her. She came back to her village, Kantaphod, with her children and joined Self Help Group (SHG) around 15 years ago. C) Meera Ji: She recently became part of the Board of Directors of RRPPCL, used to live in Indore, a nearby city, where husband used to work as a driver. She came back to her village, Ratatalai, due to death of family care provider to elder in-laws living in village. She does farming in her 2 acre land. She joined SHG in 2002. D) Champa Ji: She is a member of RRPPCL, lives in Ratatalai village and does farming on her 3 acres of land. She lost her husband 11 years ago. She joined SHG in 2002. E) Dewka Ji: She is also a member of RRPPCL, lives in Eklera village. Does farming on her 5 acres of land. She joined SHG 10 years ago.

### 3.1 Context of RRPPCL's Formation

RRPPCL was formed in 2012 by Samaj Pragati Sahayog (SPS). SPS is a civil society organization registered under the Society Registration Act 1980 (Samaj Pragati Sahayog n.d.). It is working in the tribal region of Madhya Pradesh and most of its work is situated in Dewas district.

In SPS's annual report among other things it mentions their focus— “to enable the poor to extricate themselves from the clutches of usurious moneylenders, without which it becomes impossible to free themselves of the debt trap, condemning them to a vicious cycle of poverty and to make it possible for the most vulnerable to take advantage of the possibilities opened up by the market. A solitary small and marginal farmer has no chance when confronted by powerful forces in the market, whether as consumer or producer”. (Samaj Pragati Sahayog 2019:7)

Due to lack of viable alternative for small and marginal farmers with lack of collateral and meagre state support, farmers would depend on moneylenders for credit needs regarding agriculture and other daily and uncertain needs. According to farmers I have interviewed, the interest rates charged by moneylender is as high as 60% per annum. Head of agriculture team of SPS, Animesh Ji, said that for SPS the major reason why farmers are stuck in poverty was because farmers were “trapped in moneylenders and traders' claws”. Most often these moneylenders and traders are comparatively rich farmers in the region who can afford having investment in order to get gains later. He continues, “farmers gets exploited in two ways— first when they go to take credit and second when they go to sell their produce”.

But from the farmer's interview, the interlocking of several market—credit, input, output, labour—through the relationship with the moneylender and trader became apparent. Therefore, exploitation in various markets. They get inputs from moneylender. Moneylenders don't give seeds of good quality and the price will be higher too. They couldn't bargain



because it's the urgent need and they can't continue without it. Later they would require more money for weeding, harvesting of farm and other needs such as children's education, marriages, festivals, groceries etcetera. At the time of harvest the same moneylender/trader will come to buy the produce and deduct the amount owed to farmers with earlier credit with exorbitant interest and also give less price. Again, farmers can't bargain or sell it to anyone else they are at the mercy of them. Members of the family then work on the farms and house of moneylender. The cycle keeps repeating. As Champa Ji, one of the members of RRPPCL, concludes "we were in a bondage to moneylenders and traders' nexus".

For a long time before forming FPC, SPS was working on Women SHGs to help farmers linking with formal banks to access better terms of credit. Farmers via SHGs were able to secure credit on much lower interest rate of 18% per annum. With SHGs, credit dependency on moneylenders decreased. Interviewed farmers reflected on the same. Champa Ji mentions, "For 10 years I haven't taken any money from moneylenders. Earlier my husband was also alive, everything used to happen with giving and taking with moneylenders and traders. When I joined SHG, I kept telling my husband that we will not give him anything or take from him anything...all I do is in SHG now". In similar vein Meera Ji who recently became one of the Board of Directors of RRPPCL, tells "After doing continuous saving in SHGs, I started taking loans. For 1.5% monthly interest rate instead of 5% from outside. It's been 8 years we haven't taken any loans from moneylenders". But these farmers would still go to the moneylender to sell their produce and face several problems. Chinta Ji, one of the Board of Directors of RRPPCL, said that "post harvesting too we would suffer from the hands of moneylenders...we will not know what is the price, whatever they [moneylenders] give we take...mandi is too far, how will small farmers go that far...we were unaware". It brings forth the issue of information asymmetry in terms of price of crops produced by farmers, and also formal markets which are regulated by government which becomes the benchmark for price discovery, often loaded with power dynamics and exploitation of its own, are too far from many remote areas which unlocks the potential for exploitation small and marginal farmers (Krishnamurthy 2018).

To tackle this, in 2008, SPS started aggregating the produce from farmers and selling it into the nearest formal market where the prices were higher. According to Animesh Ji, "there was a difference of sky and earth in the price offered by the local traders and formal market". SPS would deduct the operation cost and give the remaining money to farmers. Through this, farmers were getting more prices for their produce than what they were getting by selling it to local moneylenders. The SHGs and Agriculture professional from SPS, including people from the community, were helping in execution. While this approach worked for them for 2-3 years, it created disbalance in the status quo. Moneylender and traders saw a decline in produce coming to them. Colliding with the local Mandi Inspector in 2010-11 they filed a case against SPS to the Division Mandi Office. Where SPS learned that APMC recognizes two parties namely farmers and traders and it prohibits a third party to enter in between. After investigating the intention of SPS which was to help farmers by getting better remuneration, the Mandi Commissioner suggested SPS to form FPO.

And after consultation and deliberation among themselves and SHGs members, in 2012 SPS formed Ram Rahim Pragati Producer Company Limited (RRPPCL). Initially, 10 SHGs became members of it by adding 10,000 rupees as equity which helped in getting equity of 1 lakh rupees. These 10 SHGs were selected based on how well they were functioning and their agreement with forming an FPC. A Board of Directors was selected by the SHG members. Selection of directors was based on participation of the farmers in SPS's agriculture activity and with whom the SHG group members consensually agreed to be the

representative. Later more SHGs became part of RRPPCL which increased their share capital and it supported them in getting 10 lakh rupees by SFAC as equity grant. Till now, 304 SHGs consisting of 4800 farmers are members of RRPPCL.

### **3.2 On Moneylenders Traders' Nexus**

Other than the issue of credit, from the farmer's interview, the general issues with agriculture came in the output and input market. To have inputs such as seeds and fertilizer, farmers would have to go to traders where once again unequal power relations will play out where farmers will get inputs for high prices and of poor quality. On the other hand, RRPPCL, takes demands of seeds and varieties before the sowing time from its members and based on that it buys the input in bulk and distribute it to farmers for a lesser price than what they will get in the local market. According to Champa Didi, "... we get seeds which are of good quality. If we take from baniya[moneylender/traders], we get bad quality seeds. He will take more money and not give money back also. Here it's our company they get good seeds, we check the seeds by doing germination tests then buy and distribute". The germination test she explains, "in a big pot we put soil from our land and sow some seeds, give water and see how much of it is growing well". It saves some money for farmers and getting good quality seeds ensures better productivity as well.

When farmers go to sell their produce to the local market, they don't get better prices and fall prey to several malpractices initiated by the moneylender. According to Animesh Ji, "farmers weren't aware [of the price] whatever money lender will tell that becomes the price. Even in weight they would get exploited...the weight would be counted less by at least 4-5kg in each quintal [100kgs]".

To start the process of aggregating RRPPCL required additional capital, just the share capital wasn't enough. They resort on credit from nationalized banks and NBFC (Non-Banking Financial Co-operation). Animesh Ji shared the difficulties RRPPCL faced to secure credit; not many of the nationalized banks were ready to provide credit at suitable interest rates with meagre share capital as their collateral. Initially it worked with aggregation of Soyabean from its farmer members. To begin the process of aggregating they needed capital which they secured via credit from banks. RRPPCL would aggregate Soyabean from farmers, store it and speculate for prices to go up before selling it in the market. But in the initial years it caused huge losses due to price volatility. For the leaders of RRPPCL the loss was a huge learning as Animesh Ji recalls "Earlier we would store and speculate and wait for the price to increase. We were principally wrong. It's not anyone's personal money, farmers are the owners and second it was loan money. It was like buying things from others' money and then speculating...if we go in loss farmer members will go in loss. Which we did." Animesh Ji explains that the losses were dealt via redirecting the money from SPS's donors to RRPPCL via SHGs as RRPPCL being the profit-oriented entity can not raise funds through donation. RRPPCL while engaging with the market faced challenges in relation to market mechanism of price volatility with global market competition and also is availing affordable credit. In this context role of SPS became important which supported it to sustain further.

Later they changed their strategy and started working with forward contracts. Taking orders for most of the major crops grown in the region (maize and red gram in monsoon season and wheat, bengal gram and chickpea in winter season) before harvest and ensure to provide a market for the farmers. Gradually, it moved to value addition of these products. Initially, they started cleaning and grading the raw crops. They bought machinery required for that. And later turning the raw material into processed goods such as different kinds of

pulses and wheat flour via mills available in nearby places. They would give the servicing cost to these mills and get the crops processed. Recently, it has rented a place in Avanti Food Park in the Dewas, district headquarter, around 80 kilometres from the centre of their region. Talking about this decision Animesh Ji said “It's mathematics. If we do everything in different places, transaction cost increases. Dewas has everything grading, packaging, processing, labs etcetera etcetera...everything in a single window. Transporting of finished goods is also cheaper”. Chinta Ji explains “earlier we were handling the material first at village level then it will go to Bagli for cleaning then storing at Karnawad and milling in Indore. It increases the operation cost.”

But on the ground farmers talked about RRPPCL helping them get better prices for their crop and transparency in aggregation. Champa Ji said “When we buy the crops we go to each member's home and do procurement. We bargain. We weigh with our own hands. When moneylender's labor used to come, they wouldn't even tell us weight. Not every member is literate. And in RRPPCL it's our product and we only weigh them”. Chinta Ji pointed out another thing, she explained “...not like moneylender's RRPPCL don't cut the money from the sale of crops with the credit if taken any from SHGs. It transfers money to the farmer's account. and farmer can pay their loan based on their instalments.” Dewka Ji said “Earlier they [moneylenders and traders] used to take their own arbitrary price. All moneylenders collude together to keep the price low. But we were dependent...RRPPCL bought my wheat for 1925 which was MSP rate. To some they gave 10 rupees more also based on quality. Whatever moneylenders are giving RRPPCL gives more than that.”

They also said that with the activity of RRPPCL moneylenders have to bring some changes. All the farmers I interviewed mentioned that through the activity moneylender's have to raise their own prices. Champa Ji told “Earlier moneylenders were buying it [maize] for 1000 rupees per quintal, later they had to buy it for 1200”. Dewka Ji said “whether you are a member of the company or not all farmers are getting benefitted”. Gangaram Ji who is a professional at RRPPCL belongs to the same community helping me take interviews said that, “There is no conflict with moneylenders. There are many farmers still giving them the crops. But, yes, they have to become better in their functioning like earlier they used to take more money and give bad quality of seeds. Now they are also giving quality seeds with fair rates. When farmers outside of the company got to know about RRPPCL's functioning, they started bargaining in moneylender's house as well.” To this Chinta Ji added “Earlier moneylenders were giving maize seeds at 1100 rupees per packet after seeing RRPPCL they started giving seeds for 900...not every farmer is part of the company we only have small farmers. From RRPPCL they are also coming to bargaining level with moneylender”.

### **3.3 On Sustainable Agriculture**

Since 2007-08, SPS started working with farmers on ‘No-Pesticide Management’ (NPM) agriculture. Animesh Ji said that there were two options in front of them: first was to continue with Green Revolution style farming and other was organic farming. But SPS strongly believed that Green Revolution farming has negative effects in the long run on the other hand organic farming requires registration which itself is very costly for an individual small-holder farmer. SPS at that time chose to go with NPM. Where farmers were encouraged to not use chemical pesticides and chemical fertilizers to a required amount which according to Animesh Ji was necessary to certain extent because the soil health in the region is very poor. He said, “Soil improvement takes time and it's a gradual process”. SPS with the help of sustainable agriculture experts organized numerous training sessions for farmers on how to make various kinds of pest-repellent and organic fertilizer.

All the farmers with whom I talked are practicing NPM agriculture. They are using fertilizer made from waste generated in farm and houses. Champa Ji who has been doing NPM since last 5 years said “The cost is less in NPM. We make fertilizer from the waste. Earlier we used to burn it. When cattle eat there would be some waste that also we would burn... only gobar [cattle dung] we put. Now we use char chakri [a kind of compost pit] in which we put waste, soil, and water and it becomes fertilizer. We have to get less fertilizer from outside, we save some money... earlier we take credit from moneylender and SHG to buy. Then we left the earlier farming and now we do this type of farming only.” Similarly, Dewka Ji who is doing NPM for 10 years said, “I make my own fertilizer from waste from the house and cattle dung.” They are also making their own pest repellent instead of using chemical pesticides from markets. Dewka Ji said “Dawai [literally meaning medicine [(pest repellent)] also I make myself. First, I grind ½ kg of the leaves of neem tree, karanj tree, dhatura tree, besharam tree, and akav tree. Mix it with 6 liter of cow urine, 12 liter of water, all this I let it rot for 8 days. After that we boil it until it becomes half of the earlier quantity. Then I put one glass for one tank to spray on crops.”

Interviewed farmers acknowledging that this is something that they were already doing before Green Revolution farming came into the region. In conversation they sometimes refer to NPM as “old way of farming”. Farmers also shared their experience of NPM in comparison to Green Revolution farming. According to them too much fertilizer and pesticides were making their soil health poor. Champa Ji said, “...the difference is earlier I used fertilizers for the market because of which land became hard. With the fertilizer I make at my home, and cattle dung land’s condition became good. Land filled with earthworms which are good for land. Cattles also eat better fodder”. Meera Ji told about the positive impacts of not using pesticides bought from market “with this [chemical fertilizers and pesticides] our livestock get sick, people get sick. In rabi once we sprayed pesticides we went into loss. Both wheat and gram that we grew started dying. In my extended family even after they put pesticides the pest didn’t die and the whole crop got damaged. In both land and crop we have to bear the loss, that is the reason why farmers are stopping the use of pesticides gradually.” Along the same line Dewka Ji mentions the savings on cost incurring in health services, she said, “[with NPM] land becomes soft and crops that ripens on it taste good. Earlier people used to live longer now they eat crops grown via the market’s chemicals. Their age decreases, weakness starts in the body from childhood. From this we don’t get disease too. People are getting sick. In hospitals it takes too much money. In the market’s vegetables also they put chemicals. Even if you earn extra the money gets wasted and savings don’t happen much.”

NPM is understood by the interviewed farmers as bringing savings on cost of production and reduction in credit dependencies. At the same time, it is also good for the land, and human and animal’s health. As Meera Ji explains “our land, our lives, and also coming generations are getting improved due to NPM”.

RRPPCL at the same time provides market for the crops produced via practicing NPM agriculture. It has market linkages with buyers who want to buy pesticide free crops. One of the major buyers is Safe Harvest, which is a private company which buys the pesticide free material in bulk from several FPCs across the country and it gives margins on the prices. This according to Animesh Ji “becomes another incentive for farmers to practice NPM or get introduced to it”. RRPPCL buys the NPM produce from farmers while giving them increased price. RRPPCL also does testing of final products for 149 chemicals which are generally used in pesticides and herbicides. If the crop passes the test, then only RRPPCL buys the crop. There have been times when the crop tested for chemicals came positive. On that Gangaram Ji said, “What will farmers do if there is a pest attack and they need immediate measure! They

will go to market and buy pesticides which are strong and not wait for mild pest repellent that we are trying to promote. Their crop is their life. Most of the time they inform us in such cases but sometimes lured with extra money some farmers do not disclose.”

Farmers in the region would grow pulses and millets but only for self-consumption most of their land would be restricted to grow soya bean in monsoon season and wheat in winter season. These crops were grown to get maximize their profit out of market opportunities. But at the same time these crops require enormous amounts of water. It's a dryland region and dependence on groundwater increases because of that. With an assured market provided by RRPPCL for multiple crops they were also able to incentivize farmer members to do multi-cropping of crops instead of mono-cropping of cash crops which increases dependencies on water and chemical inputs.

On the issue of farmers acceptance on sustainable farming, Animesh Ji responded that it is a difficult and long process to get trust of farmers on such things as they are confused. Smallholders see big farmers applying these costly inputs, when farmers go to buy seeds in the market more often local traders are there to sell and promote these chemicals. He said, “In the beginning not many farmers take NPM positively. Agriculture is part of their livelihood they get scared. It took time for even chemical fertilizers and pesticides to be included in farming practices. For them to shift from that to NPM will take time as well. They first do in small plots then get trust and adopt further.” Similar point of view came from farmers. Meera Ji who herself began with 2 bigha and then after seeing the benefits started doing in 4 bigha said, “Land will get destroyed with chemicals. Everyone is making their own fertilizer and pest repellent gradually. Bhaiya [SPS, RRPPCL professionals] comes to tell us about new techniques. We get several training sessions, but farmers are also learning from each other. They also do it in small plots like us rather than shift.” Though Dewka ji, while being optimistic, also shares her opinion on challenges in practicing NPM. She said, “Some people don't do NPM. In this, farmers have to put in some extra efforts. Leaves have to be plucked, cow urine has to be stocked. In doing that we have to put in our day's labour. Not many farmers are willing to put in the effort.”

### **3.4 Farmers engagement in FPC**

RRPPCL currently has 4800 farmer members from 304 SHGs. Amongst them 10 farmers are the representatives. The FPC conducts quarterly meetings amongst FPCs and SPS professionals. Together they discuss the activities coming up, work that needs to be done. Major decisions like how much of which crop to be aggregated, demands from buyers, capital investment etc. Are taken place during these meetings. Other than that, there is one annual general body meeting where most of the farmers come together under the sky or a tent where previous years progress is reported and next year plans are discussed.

Animesh Ji said that there is a lack in RRPPCL's members 'capacity building. Many farmers are only interested in facilitation support during input and output market engagement via FPO. They lack a sense of ownership. The initial equity was collected from surplus savings of SHGs. Farmers didn't feel like it was going from their pockets. Therefore, in the middle they collected 100 rupees per farmer and collected 5 lakh rupees for their equity. Later, they also collected 700 rupees from most active farmers. This is done to bring the sense of ownership among these farmers. Though some farmers who paid extra have extra shares in the company, that doesn't dictate their power in the decision-making process. Animesh ji recalls the law and says, “one adult one vote”.

Till now RRPPCL hasn't shared any profit as dividend to member farmers. Because in accounting books it is still showing losses and most of the profit was utilized in capital instalment that includes a warehouse, cleaning and grading machine etc. Animesh Ji feels that once they will start sharing the dividend based on patronage there will surely be an increase in farmers engagement with FPC.

## Chapter 4: Potential and Limits

From the previous section we get multiple insights on how FPCs can bring transformation in Indian Agriculture amidst the crisis. From the example of RRPPCL we note that it supports farmers to get out of the shackles of moneylender/trader nexus by providing its members with the collective bargaining power with which they engage in the market. At the same time, it is also acting as a catalyst in enforcing ideas of a different mode of production in Agriculture which is economically advantageous and sustainable in the long run.

The FPC brings change by collaborating with the opportunities provided by state and market. Firstly, the FPC as a form of collective is brought to farmers by state. RRPPCL adopted it and later also took equity grant of 10 lakh taken by SFAC which is a state facilitating organization. Similarly, on the market front it fulfils the demand coming from the buyers. RRPPCL aggregates the crops from several farmers and via cleaning and grading improves the quality. Markets get benefitted by getting large quantities of quality product from one window. While doing that it brings good remunerations to farmers individually and as a collective their economic capital and social capital increases. It can be understood as a positive compromise where interest of market elites and farmers are mutual. Wright (2010), refers to such transformation including collaboration from different classes towards problem solving and social empowerment as Symbiotic Transformation. It answers how farmers are and can utilize the opportunities embedded in the institution of FPCs. Burawoy (2020), acknowledges that in theorization of symbiotic transformation though the work of social empowerment is plausible but the possibility of fundamental transformation from the ills of capitalism is not very clear. Though Wright(2009) himself gave examples of universal franchise and welfare state as a positive compromise which got incorporated in broader hegemony under capitalism, in the case of no alternative there is a possibility that in long term it will create a historical conjecture from which a more radical transformation would be more viable.

To understand how this symbiotic transformation navigates through Indian agrarian crisis firstly I will look at how FPC is challenging the predominant hegemony, as discussed in Chapter 2, which is leading to the crisis.

### 4.1 Counter Hegemony to Credit Relations in Rural Context

Through the zamindari system in colonial India big landlords were a privileged class in rural India. With the advent of Green Revolution post independence their stronghold increased. The benefits with the Green Revolution Package was highly concentrated to rich farmers because they were the one who could afford the implementation of cost-intensive practices. The state also garnered their legitimacy in rural areas through them. (Brown 2018)

Credit to small farmers with high interest was a huge source of their income and with credit other markets were also interlocked. In the late 1960's Indian state nationalized banks and forced these banks to provide affordable credit in rural areas. With that the credit dependency of farmers to moneylender and traders declined as they were able to access cheaper credit from banks. But they would still be dependent on them for buying farming input and selling of produce. With the liberalization in the 1990s the state support for credit declined and once again the share of informal credit from moneylenders increased. (Banerjee 2010, Shah et.al. 2007)

From the farmer interviews it came out that farmers were stuck in the nexus of moneylenders. In this context first with SHGs which provided them with affordable credit and later with FPCs which provided positive alternatives to farmers to buy inputs and sell their produce. While creating a win-win situation for big buyers and small farmers, FPCs undermine the power of moneylenders and traders in the region.

There has been critique of SHGs that it often reproduces the power structure as dominant class captures the institution and it is no interest to them to distribute the material and political benefits of the institution (Pattenden 2010). But contrary to that RRPPCL members mentions the material and political shift in their position. Chinta Ji who was a landless agrarian labour before says that “Even moneylenders wouldn’t give loan to me because I have no land”. Through the loans she took she took land on rent and started doing NPM farming. Add to that she explains “I also bought scaffolding [input in construction] which I give for rent for that I took loan from the SHG”. While this shows improving material conditions when asked for the role of RRPPCL Board of Directors she says “Whatever problem farmers are facing, electricity, water, seeds, we think through the medium of collective how we can address those situations. We can talk to any government officer if something is not right.” Similarly, Dewaka Ji, who explains “After my husband died, I was in big trouble there was loan to be paid, we took electricity line. I was worried how my children will study.” Later she took loans from SHG for chicken rearing, doing fencing in farm to protect it from cattle grazing. Commenting on impacts of SHGs she says “Earlier I was scared of going out, now I can speak and hold a conversation and I don’t fear. Earlier I fear going to bank.”

In the interview with farmers, they affirmed that there is no discrimination in the activities of the group. It may be because all the members of SHGs are small and marginal farmers. Instead all the farmers with whom I interviewed talked about how SHG and RRPPCL has given them “a new life by freeing them from the hands of moneylender”. With the work of FPCs the dependency on traders declined and it shifted the power dynamics for not only the farmer members but also those who are not members but started negotiating for better prices and quality of inputs when they buy and output when they sell. Farmers from RRPPCL also mentioned the autonomy they experienced while engaging in structure of FPC. They have greater bargaining power in comparison to traders as FPC opens up spaces for farmer’s participation. It happens when they are negotiating for the price, involved in monitoring of weighing of their own produce.

## **4.2 Counter Hegemony to Green Revolution**

As discussed in Chapter 2, Green Revolution practices have much to do with the current state of Indian agriculture. It is a burden for the small holders being highly cost intensive and with state support decreasing post liberalization the situation became much worse. Other than that, the chemical inputs and heavy water requirement has brought ills to the ecology of farming. The spread of it is hegemonic in a way that the state promoted it, subsidized it, and rich farmers benefited the most out of it. To tackle this, RRPPCL and SPS are promoting Non-Pesticide Management agriculture as a variant of low external input agriculture. Though it requires less capital but initially it requires training which is organized by SPS. Farmers I interviewed told that they got to learn how to make pest repellent and fertilizers with the waste, tree leaves, cattle dung. By depending more on internal resources than external resource the balance of commodity and non-commodity relations is readjustment and enhances the autonomy of the farmers (Gerber 2020, Plough 2010).



Other than that, farmers also shared the positive ecological impacts because of practicing NPM. The land is becoming 'soft' which means the moisture retaining capacity has increased. It would bring insects which are friendly for farming not able to generate earlier because of spraying of chemicals are to be found. They also mentioned how the crops grown with NPM practices are better for the health of the family and also cattle as they feed on fodder produced non-chemically. Another economic advantage mentioned by farmers are savings on their expenditure on health. SPS is encouraging farmers to grow multiple crops instead of growing cash crops. It includes varieties of millets and pulses which are climate friendly and nutrition rich. With RRPPCL able to provide a secure market for these crops it acts as an additional incentive for farmers to practice multi cropping. According to Altieri (2004), multicropping instead of monocropping has several benefits which includes the nutritional security for the family or communities, increases pest resilience, and stability with the adversity of climate change.

Farming practiced by the members of RRPPCL is counter to the logic of Green Revolution, which is based on high productivity, high efficiency and maximizing profit without giving much attention to ecology.

### **4.3 Role of Civil Society Organizations**

Most of the FPCs formed in India are facilitated by civil society organizations. In RRPPCL's case SPS played a huge role in giving the direction. By the time RRPPCL was formed SPS was already an established NGO in the region. SHG as a strong institution was already in place. Overtime, they built trust with the community. But it wasn't the case initially, farmers narrated their scepticism they thought that it was Christian missionaries trying to snatch their land from them.

NGOs are not-for-profit entities largely devoid of government interference and mostly involved in development related work. Their work is mostly done with the resources provided by donors which are state, charity, Corporate Social Responsibility fund, transnational institution etc. (Brown 2018). In the same way SPS collects the fund. Within the scope of RRPPCL it has utilized donors' money to bail out the FPC when it went to loss. Some of the RRPPCL employees are on the payroll of SPS. The activity of FPCs is a resource extensive where SPS professionals from agriculture team would support in taking demands of inputs or during procurement. The flowing of information happens through SPS.

In the literature there are mixed responses to NGOs. On one hand, they are believed to only accountable to donors with the agenda too set by them with no accountability with the community. NGOs sell themselves to these donors and if their projects are aligned with donors' priority, they are able to secure the fund. (Gray et al. 2006) Their dependence on donors makes them take forward the ideas of neoliberalization, often reproducing the hegemony of rolling back of state (Petras 1999). On the other hand, there is literature suggesting that NGOs not only act according to donors' pursuit, but their politics also shaped by the community they are working with. (Brown 2018) The employees of these NGOs are often from the community and if there is conflict of interest, there would be negotiations and bargaining. (Ghosh, 2009)

While farmers who were interviewed invoked the language of trust in their work, negotiations in decision making and saviours especially while talking about the freedom from moneylender and trader nexus. These debates would have been richer if there would have been a larger set of data. Nonetheless, from the farmers interviewed it was apparent that they

are not passive in their relationship but actively taking part in the activities. For instance, in the case of NPM adoption the agriculture team head of SPS and farmers suggested that farmers are not willing to convert until they see benefit. They first practice it in smaller plots than if they are satisfied, they bring more land under NPM.

#### 4.4 Struggle to Sustain and Lack of State Support

The above potentials of creating a counter hegemony is based on the example of RRPPCL. But that counter hegemony was made possible under certain condition. The RRPPCL had a base of strong institution of SHGs which made farmers participation and trust amongst members was easy to develop. For a newer organization this could take time. In RRPPCL, internal dynamics among members wasn't filled with discrimination as all the farmer members are women, belong to similar class position, and belong to tribal community. With the caste and gender discrimination among members there would be certain challenges in equitable benefits and a feeling of togetherness. The ability of civil society organization to support which will vary in degree too is a vital aspect in sustaining of FPCs to bring the desired change. Other than that, most importantly, the orientation towards sustainable farming which is an important aspect in countering the structure leading to the crisis.

While there is potential in creating counter hegemony for RRPPCL but the journey in past or in future is not without challenges from the structures of neoliberalization.

Though with FPC individual farmers dependency on credit has declined. But FPC as a collective is always in the need for credit. Procurement of produce from farmers or procurement of inputs from market requires capital. They need money to arrange gunny bags, sewing machine, transportation, storage, processing, labour charges etc. and huge part of the credit taken also goes into immediate payment to farmers which according to Animesh Ji plays an important role in gaining farmers trust who are often in urgent needs of it. RRPPCL has relied on Non-Banking Financial Corporations (NBFCs) and banks, which gives credit to earn with the aim of earning profit out of it. Interest rates are very high. Often with nationalized banks the getting credit becomes difficult with low collateral of FPCs. Board of Director member of RRPPCL, Champa Ji and Meera Ji, mentioned the need for increasing the members of the FPC so that their equity increases which will help reduce the dependency on credit. But the FPCs formed with small and marginal farmers would not be able to contribute largely unlike the corporations.

On the other hand, paying of these credit eats up their profit and turnover, which helps them to invest further in capital and providing patronage bonus to farmers. The dependency on credit and not enough affordable sources of credit restrict them to become self-sustainable and if it fails to sustain the gained individual autonomy will collapse as well. In such circumstances FPC are still in very precarious position. Animesh Ji mentioned that for state "FPC is a toy to silence the crying farmers". He mentions that until and unless state support for FPC will increase FPC is doomed to be a failure. The state announcement of forming 10000 new FPCs are hollow without giving it additional support.

With lack of available fund, FPCs are not able to attract employees with business acumen that farmers' collectives lack. With the kind of support given by state it's hard to offer required salary to management professional. FPCs being a company are required to deal with tax returns and other such legal due diligence for that it is essential to have competent employee who understand business requirements. (Paliath 2020) Even RRPPCL has faced issue regarding this. Animesh Ji explains "FPC requires skilled people. How many management

people come and work with FPCs? We stupid people are running this who don't understand business well. Education system is too costly, no one is coming for less money to rural areas.”

In this circumstance when FPCs are engaging in market they have to compete with other private players. There is a pressure to keep the cost of production minimum to attract the buyers competing with other sellers. RRPPCL's decision to rent a place in Avanti Food Park to do processing and packaging instead of doing it in their own warehouse shows the limitations posed by market forces. Former means low cost of production, it being in the centre of the city and latter means high cost of production it doesn't matter even if few of the farmers will get employed in the process. Integration of farmers into broader capitalist global food chains means competition from other firms which forces FPCs to squeeze their margins. It strives for bringing farmers into the logic of the market with its 'rationality'. In that regard, there is possibility that FPCs become a “protege of market forces” and are prone to the contradictions of capitalism (Jossa 2005:8).

## Chapter 5: Conclusion

Through this research I have tried to show that FPCs has potential to countering the exploitative structures in rural areas empowered by moneylender/trader and the harmful Green Revolution practices which are the reason for the crisis. FPCs like RRPPCL become a platform for farmers to collectivize themselves in order to work for themselves as a group. There a new constellation of social relationships which are forming with the activity of FPCs. Farmers dependency on moneylender and traders decreasing in credit, output, input market. FPC is establishing itself as a competitor with better terms of trade for small farmers in comparison to moneylender and traders. Forcing them to bring changes in themselves. The market information of interest rate, prices of outputs, cost of inputs is making farmers increase their bargaining power with respect to moneylender and traders or while engaging in market collectively. When farmers are practicing sustainable agriculture, they are getting supported by RRPPCL in the midst of market risk. Moreover, with practising NPM/sustainable agriculture practices, farmer members of RRPPCL are experiencing autonomy from the commodity relation which was bringing ecological and economic distress.

Civil society organizations role is very prominent in the direction in which FPCs moves. For example, RRPPCL was facilitated by SPS which was working in the region for many years and built the confidence among farmers prior building FPCs. Though civil society organization is ridden with middle class activist who often reproduces the hegemony (Chatterjee, 2008) but at the same time it becomes also the place from where ideas and work to counter the hegemony is propagated this is what Gramsci calls it war of position. (Buttigieg 2005) The civil society space of FPCs and civil society organization is transforming the existing hegemony through striking a positive compromise with state and market. Utilizing the opportunities provided by the structures. It engages in 'Symbiotic Transformation'. (Wright 2010)

When civil society organization is not that strong there are several hurdles starts with the lack of state support in the mainstream hegemony of neoliberalization. Due to lack of state support FPCs when engage with external market faces challenges related to credit dependency and lack of affordable sources, due to lack of capital not able to attract skilful employees, and competition from market. These challenges are structural challenges which restrict the transformation or opposition to the hegemony which is creating a situation of crisis.

RRPPCL has its own internal dynamics. With other FPCs there is a possibility of further challenges related to caste, gender, ethnicity which would play an important role in FPC being successful or not in bettering farmers situation amid the agrarian crisis.

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