

Seeds of Change

Economic Democracy in India's Agriculture

A M JOSE, JOS CHATHUKULAM

To harness India's demographic dividend, local development think tanks and agricultural hubs should be created to integrate innovative practices and technologies while developing a synergy between economic democracy and political democracy to strengthen farmers' collectives. A digital platform and blockchain technology are suggested to improve transparency and decision-making. Successful implementation will depend on proactive local leadership and the effective integration of these strategies to achieve sustainable growth.

A M Jose (amjose@ggn.amity.edu) is at the Amity School of Economics, Amity University Haryana, Gurugram, and formerly taught at Kerala Agricultural University, Thrissur, Kerala. Jos Chathukulam (joschathukulam@gmail.com) was formerly with the Institute for Social and Economic Change, Bengaluru and is currently with the Centre for Rural Management, Kottayam, Kerala.

Farmers are the backbone of India; in fact, they are our *annadatas* (food providers). Agriculture is the largest livelihood provider in India, with an estimated 93.09 million households classified as "agricultural," and between 90 and 150 million Indians are farmers (India Development Review 2023). However, the small and marginal farmers in India are at the receiving end as they face multiple production challenges, including poor yields, inability to add value to their product, lack of access to technology, and low-quality seeds. It is in this context that farmers' collectives gained importance.

Collectivisation of farmers is not a new concept in India and the Cooperative Credit Societies Act, 1904 is one of the earliest legislations on farmers' collectives. However, these agricultural cooperatives found it difficult to sustain owing to resource crunch and political interferences. It was in this context that the farmer producer organisations (FPOs) were introduced to bring in the primacy of "business perspective," which was previously lacking in the cooperative model (India Development Review 2023). Today, FPO is a generic term for farmers collectives. An FPO can be a company under the Companies Act, a cooperative society (as per the Multi-state Cooperative Societies Act), or a mutually aided cooperative society (Mutually Aided Cooperative Societies Act).

To generate income and create employment opportunities for small and marginal farmers, the union government launched a scheme called the Formation and Promotion of 10,000 New Farmers' Producer Organizations in 2020. In the 2024 budget, the scheme got a total outlay of ₹581.67 crore with a major emphasis on aggregation and promotion of FPOs. Despite all these, the inefficiency of farmers' collectives like cooperatives and producer organisations is hurting

the process. The FPOs also continue to face challenges, especially in raising the capital required to buy members' produce and in sourcing skilled professionals who can handle managerial responsibilities. The revival of economic and political democracy at the grassroots level, strengthening of cooperative entrepreneurship, and the emergence of local development think tanks are required to fillip the growth of FPOs. The authors propose the creation of local development think tanks and agricultural hubs to integrate innovative practices and technologies as well as a convergence between economic democracy and political democracy to strengthen farmers' collectives in general.

Rejuvenating Economic Democracy

Since gaining independence, India has consistently reinforced its democratic institutions. A key development in this journey has been the establishment of local self-governments (LSGs) as the third tier of governance. These LSGs are responsible for local development planning, which optimises the use of resources such as land, labour, and capital. This advancement has certainly strengthened political democracy at the grassroots level. However, the challenge now is to rejuvenate economic democracy at the local level. Like Janus, the Roman God, is often depicted with two faces, "political democracy" and "economic democracy" are two sides of the same coin. Currently, economic democracy in India, particularly at the grassroots, lacks vitality. Farmers' collectives aim to boost the organisational capabilities of farmers and provide the institutional support needed to achieve economies of scale. Despite their potential, entities such as cooperatives, FPOs, farmer producer companies (FPCs), self-help groups (SHGs), and joint liability groups (JLGs) are not operating at their full capacity (Singh 2021).

This stagnation is largely due to a lack of coordination between political democratic institutions (gram, block, and district panchayats) and economic democratic bodies (farmers' collectives such as cooperatives, FPOs, FPCs, etc) at the local level. The effective integration of

political and economic democracy is crucial for sustainable development. While the LSGs handle the planning of local development, farmers' collectives need to lead the execution of these plans. This seamless connection between planning and implementation is essential for the success of these initiatives. In this context, cooperative entrepreneurship—a concept championed by the International Cooperative Alliance—becomes particularly significant.

Cooperative Entrepreneurship

Cooperative entrepreneurship focuses on establishing and managing cooperative enterprises that adhere to democratic principles. These enterprises are owned and governed by their members, who play an active role in decision-making and improving their economic well-being (Jose and Chathukulam 2022). This approach not only advances economic democracy but also cultivates a sense of ownership and accountability among members. For India to genuinely achieve democratic development, it must integrate its LSGs with various democratic collectives. This integration is essential, especially considering that over 86% of Indian farmers are small and marginal, with many facing underemployment. Additionally, more than 90% of the workforce is engaged in the informal sector. Leveraging the potential of these groups through cooperative entrepreneurship could drive significant and transformative change.

India's demographic dividend, marked by a large and youthful workforce, offers a unique opportunity for growth. By harnessing this youthful energy through cooperative entrepreneurship, India can generate sustainable livelihoods and stimulate economic progress. Achieving this, however, demands innovative thinking from local political leaders. This point was emphasised by the finance minister in her 2024 budget presentation, as she called for more constructive involvement by state governments and LSGs. The vision of transforming India into a developed nation by 2047 hinges on this shift. Traditional methods of development and governance need reassessment and restructuring to support a

more inclusive and participatory approach. The LSGs must work closely with farmers' collectives, leveraging their strengths and addressing their weaknesses.

As observers of India's agricultural and economic landscape, we view the Union Budget 2024 as a positive development. Yet, for these initiatives to succeed, there must be the creation of innovative policies that integrate LSGs with farmers' collectives. This includes implementing training and capacity-building programmes for local leaders, ensuring access to finance and markets for farmers' collectives, fostering a supportive regulatory environment, and raising awareness about the critical need for effective collaboration between these democratic institutions.

Local Development Think Tank

Catalysing grassroots innovation is essential for progress. Establishing a "local development think tank" in India (like NITI Aayog at the national level) could serve as a vital bridge between policy and grassroots implementation. Situated at the district or block level, these think tanks would consist of local government officials, agricultural experts, economists, and representatives from farmers' collectives. Their primary role would be to assess local challenges, offer data-driven insights, and develop customised strategies to tackle these issues. By promoting collaboration and incorporating global best practices, these think tanks could ensure that development plans are both practical and locally relevant. They would also enhance transparency, accountability, and effectiveness in policy execution, fostering sustainable and inclusive growth at the grassroots level.

Additionally, a mentorship programme that connects successful agribusiness entrepreneurs with emerging cooperatives could offer valuable guidance and support. Another key innovation is the creation of "agricultural hubs" at the district level. These hubs would act as centres for research, innovation, and training, providing farmers' collectives with access to the latest agricultural technologies and practices. By fostering a culture of continuous learning and adaptation, these

hubs could significantly boost the productivity and sustainability of the agricultural sector.

Technology can also play a crucial role in integrating political and economic democracy at the grassroots. Developing a digital platform to connect LSGs with farmers' collectives could streamline communication, planning, and implementation processes. This platform could offer real-time data on agricultural practices, market trends, and available resources, facilitating more informed decision-making. Furthermore, utilising blockchain technology for supply-chain management could enhance transparency and traceability in agricultural transactions, building trust among farmers, consumers, and other stakeholders, promoting fair trade practices, and reducing opportunities for corruption.

In Conclusion

The union government's budget represents a crucial advancement for FPOs, but its success depends on effective implementation at the grassroots level. Political leaders must proactively drive this integration, ensuring that planning and execution are seamlessly coordinated and mutually supportive. To realise the vision of a developed India by 2047, a robust framework that integrates political and economic democracy at the grassroots is essential. While the emphasis on farmers' collectives and cooperative entrepreneurship is promising, it must be complemented by coordinated efforts and innovative strategies at the local level. By genuinely democratising development, India can unlock the full potential of its agricultural sector and achieve sustainable and inclusive growth.

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