

RELEVANCE OF CO-OPERATIVE SOCIETIES IN SMALL SCALE RURAL AQUACULTURE

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Abstract

Rural aquaculture is seen as an alternative to the traditional marine fisheries sector. With the growing demand and declining supply of naturally available sea food, there arises a constant need for the development of alternative source of sea food other than the traditional marine and capture fisheries. Rural aquaculture offers several advantages in terms of the utilization of rural resources and providing good economic benefits to the weaker section of the society.

In recent years, with an expectation of high returns the number of aquaculture farms in rural areas has increased manifolds. With such increase there arises a need to effectively manage and handle such smaller aquaculture farmers, thereby allowing a better utilization of rural resources and achieving a higher bargaining power. This study focuses on the small scale rural aquaculture in india.

Keywords: AQUACULTURE, CO-OPERATIVE SOCIETIES, SMALL SCALE RURAL AQUACULTURE

Introduction

Rural aquaculture in India comprises of a large number of aquaculture farmers possessing farm land area of less than 5 Ha. This situation limits the bargaining power of such farmers and as a result their efficiency in terms of aquaculture operations is not optimized. Due to smaller size of operations, the aquaculture farmers, suffers from several disadvantages, ranging from economic and financial problems to the problems relating to the marketing of their fully developed crop. Under such circumstances, a presence of a dedicated rural aquaculture cooperative society with a primary objective of addressing the issues of such farmers and facilitating them in their operational activities would allow better utilization of resources of such farms and thereby achieve higher operational efficiency.

In recent years, with an expectation of high returns the number of aquaculture farms in rural areas has increased manifolds. With such increase there arises a need to effectively manage and handle such smaller aquaculture farmers, thereby allowing a better utilization of rural resources and achieving a higher bargaining power. Rural aquaculture is seen as an alternative to the traditional marine fisheries sector. With the growing demand and declining supply of naturally available sea food, there arises a constant need for the development of alternative source of sea food other than the traditional marine and capture fisheries. Rural aquaculture offers several advantages in terms of the utilization of rural resources and providing good economic benefits to the weaker section of the society.

About Aquaculture:

Japanese Resource Council, Science and Technology Agency defines aquaculture as “an industrial process of raising aquatic organisms up to final commercial production within properly partitioned aquatic areas,

controlling the environmental factors and administering the life history of the organism positively and it has to be considered as an independent industry from the fisheries hitherto.”

It is also known as aqua farming, which involves cultivating freshwater and saltwater species under controlled conditions, which is contrary to traditional commercial fishing i.e. harvesting of wild fish. Aquaculture is of great importance worldwide, serving as an alternative source to traditional food production systems to help accommodate expansion of the human population.

In terms of the total production in terms of quantity India ranks second only next to China. However a huge resource in India still remains unutilized in terms of aquaculture production. Majority of the aquaculture production comes from a large number of aquaculture farmers, holding less than 5Ha of land for their production purpose. There is a significant presence of such smaller farm size unit that adds up to the total industry.

Aquaculture is regarded as high risk high growth industry. As an aquaculture farmer, one is constantly surrounded with risks. Broadly the risks in aquaculture are categorized in to seven categories. These risks are Pathogen risks, Food safety and public health risks, ecological risks, genetic risks, environmental risks, financial risks and social risks. Every aquaculture farmer is exposed to these risks; the magnitude of such risks may however vary from farmer to farmer. Effective management of these risks determines the success or failure of aquaculture crop. Over a period of time aquaculture has come across number of challenges and resistance from the society and legal authorities over the issue of its impact on the surroundings and society.

Aquaculture influences several section of the society. The supply chain of aquaculture industry covers several sections of the society ranging from the government agencies to an individual who acts as a consumer of the aquaculture product.

On the input side are the seed hatcheries, farm equipment dealers, feed manufacturer and suppliers, chemical and probiotics supplier and labour. These input stakeholders offer support and resources to the aquaculture farm to undertake a culture operation. Once the crop is cultured and brought to a size of commercial importance, the produce is sold to a local trader or a dealer which after going through the processing houses reaches the market either domestic or international and eventually to the final consumer.

Aquaculture uses natural resources like land and water to grow live aquatic animals, which affects the environment and surrounding regions in terms of pollution in water or land and degradation of mangroves and cultivable land. Along this entire process, aquaculture also interrelates to government agencies, institution, universities and other bodies for an exchange of R&D, technical assistance and sharing of relevant expertise.

Among all these stake holders, the aquaculture farmer finds himself in a position where it possesses least bargaining power. Rising costs of inputs and decreasing market price of their crop, applies pressure on the farmers to safeguard their crops from threats of diseases and also ensure healthy and economically viable crop.

The success and failure of aquaculture crops, affects all these stakeholders in respective manner. Due to their smaller scale of operations, and clustered distribution of their farms, these rural aquaculture farmers possess least bargaining power among the entire supply chain of the industry.

Hence there arises a need for a development of rural cooperatives dedicated towards the service of such smaller aquaculture farmers, ensuring a sustainable development of this sector in future.

About Cooperative movement in India

Agriculture has been a major component of Indian society with more than half of its population still residing in the villages. Rural sector is the major contributor to the overall GDP of the nation and hence lack of development in villages means lack of development in India. Cooperative societies are playing significant role in this and share a major credit in the growth of rural sector which along with government and private sectors contribute to the overall economy of India. Cooperatives cover more than 97% of Indian villages, some run by its members and some by the government

A cooperative is a voluntary autonomous association of people designed to meet their common economic, social and cultural needs through a jointly owned and democratically managed organization.

Cooperative movement can be defined as a voluntary movement of people to carry out a given economic activity through a democratically controlled enterprise by pooling together their resources with the purpose of securing certain benefits to the members and promoting certain values such as mutual help, self reliance, self management and general good for all. The first cooperative in recorded history was started as a grassroots level credit institution by a group of weavers and other people in Rochdale, England in the name of Rochdale Equitable Pioneers Society in 1844. The success of this society led to the formation of cooperatives in other parts of Europe and in America, Germany and Japan.

In India, the cooperative system owes its origin to Sir Frederick Nicholson who recommended the establishment of credit cooperative on the basis of his enquiry conducted in response to the request of the Governor of the then Madras Presidency in 1892 regarding the possibility of introducing a system of agricultural and other land banks in his territory. The Nicholson Report was implemented and the first credit cooperative was established in the Madras presidency in the year 1894. Later Nicholson was placed in the second commission recommended the cooperative system in line with the Raiffessen model named after Friedrich Raiffessen, a German provincial politician and social reformer who designed the German Cooperative and Raiffessen Association around the 1850s. In India, like elsewhere in the world, the cooperative system started as cooperative credit societies designed primarily to exonerate the farmers from the cobweb of the usurious village moneylenders.

In 1894, the cooperative system started, diversified immensely in terms of activities, expanded in geographical and population coverage with a dramatic speed and has grown in to a kind of people's movement over the last 220 years. Nowhere in the world, not even in the UK and Germany where the cooperatives took birth, did the system grow, expand and diversify that rapidly.

Cooperatives originated in the West during the middle of the last century and from there these came to India. Formally co-operatives were introduced to India in 1904 when the Indian Co-operative Societies Act was promulgated. Moreover rural indebtedness was the major force behind the initiation of chit funds and cooperatives in India. Initially these were just to provide credits to the farmers in the form of credit societies and gradually these start working in other fields such as banking, processing and marketing.

The scarce funds of farmers were pooled in to run cooperative and it was an attractive way to solve their financial problems. After independence role of cooperative societies grew to encompass socio-economic development and eradication of poverty in rural India. It became an integral part of five year plan. With this co-operative societies became a fundamental part of our economy.

Non-credit societies started in 1912. Importance of co-operative was also highlighted in the Royal Commission on Agriculture in 1928. With the formation of the Reserve Bank of India (RBI) in 1935, developing more cooperative societies was given due importance.

Main aim of the cooperative was to get the poor and indebted farmers out of poverty and out from the clutches of money lenders. Within short span of time, role of cooperatives extended beyond agricultural credit. It started covering activities such as production, farming, marketing and processing. Cooperatives are now playing a very significant role in the socio-economic development of our country especially the rural India.

In India there are four major types of cooperatives:

- The Primary agricultural credit or service societies
- Agricultural non-credit societies
- Agricultural co-operative marketing societies
- Co-operative farming societies

Though the expansion and reach of cooperatives is highly impressive but their way of working is not Except for few co-operative societies most of these lack motivation. These are merely run by the government without motivation and enthusiasm of their members. Some of these even lacks in the required funds. Other factors that lead to the slow progress of these societies include mismanagement, manipulation, restricted coverage, lack of awareness, and political interference. But this does not mean the downfall of the massive projects. Despite all this, cooperatives are really helping poor in becoming self-reliant. Scope of cooperative societies in rural India can improve further with women participation.

A cooperative is characterized by seven driving principles which are central to their formation, organization and activities.

- **Voluntary and Open Membership.** Cooperative society must justify its existence to the people. Those who feel that they will benefit by it will join and those who feel they will not benefit will stay away. This means that people enjoy entry and exit options
- **Democratic Member Control.** A cooperative society is managed and controlled democratically by members' representatives elected on the one member one vote principle. Commitment and participation in decision making process are ensured by this principle.
- **Member Economic Participation..** Member participation in economic activity is a fundamental principle of cooperative society. A cooperative society distributes profit arising out of its operations among the members in a judicious and prudent way so that it automatically avoids one or some gaining at the cost of another or some others. Thereby it overcomes exploitation of a member by a member.
- **Autonomy and Independence.** A cooperative society enjoys the right to run its administration and economic activity as it deems fit without undue external interference. It takes decisions on its own and prompt action is ensured.
- **Education, Training and Information.** A cooperative society makes effort to educate and train its members to improve their economic activity by adopting new farm technology in the case of agriculture based cooperatives for instance and provide information to arouse awareness among them and spread the details of cooperatives among the masses. In the process members' positions are strengthened and cooperatives grow into a movement.
- **Cooperation among Cooperatives.** A cooperative society needs to cooperate and integrate with other cooperatives at local, national and international levels so as to assist each other and improve members' well-being. Cooperatives have the advantage of social capital linkages-horizontal linkages among members and other cooperatives, and vertical linkages among different layers and types of cooperatives and among cooperatives on the one hand and government and institutions on the other. These networks and linkages facilitate creation of larger benefits and equitable sharing thereof.

- **Concern for the Community.** A Cooperative society is an integral part of the larger community in which it operates. It needs to dispense its social responsibility for improvement of the community and its neighbourhood by partnering in local development initiatives.

Cooperatives in Rural Aquaculture

India has vast fishery resources and a great potential to develop fisheries and thereby improve the socio-economic condition of the society. Despite having such good potential for fisheries, it could not be used substantially for their upliftment due to the lack of institutional support like infrastructure and finance.

Cooperatives in the rural aquaculture sector are a way of maximizing long-term community benefits to deal with the threats of fisheries mismanagement, livelihood insecurity and poverty, which is a common prevalent characteristic among the smaller aquaculture farmers. Cooperatives are an independent association of individuals coming together voluntarily and democratically manage it to meet their common economic, social and cultural requirements

Rural aquaculture cooperatives must act in order to contribute to responsible fisheries, food security, women's empowerment and poverty eradication. Such issues have been constantly challenging the sustainable growth of aquaculture industry.

Government and other agencies have initiated efforts to develop such societies that cater to the demands and provide assistance to the fisheries sector; however the presence of a dedicated rural aquaculture cooperative society will improve the overall effectiveness of these sectors. Challenges facing cooperatives include the internal weaknesses of many organizations and the need for an enabling policy environment at the country level, to legitimize and strengthen cooperatives.

Rural aquaculture cooperative societies may strive to perform following functions:

- **Coordination and lending of credit facilities from various institutions (financial support).** Availability of sufficient funds for investment and working capital are crucial for the success of an aquaculture farm. The cooperative societies may strive to provide adequate infrastructure, services and equipment and good financial management, including regular book-keeping, allowances for depreciation and replacement of equipment, and accountability for such aquaculture units.

The societies procure the credit from national cooperative development corporation and other nationalized banks in order to fulfil the financial requirement of these small scale aquaculture units.

- **Transport, marketing and storage of cultured crop..** Marketing has been an important activity of such societies thereby facilitating many small aquaculture farmers to get better prices for their crop. Cooperatives need to have freedom to influence pricing agreements; a strategy for diversifying markets; the capacity to buy all their members' production, regardless of quantity or the market situation; management plans for coping with oversupply (such as by storing and processing products); a collective agreement that discourages the sale of fish outside the cooperative; and little or no competition with intermediaries.
- **Supply of consumption items among the members.** Aquaculture is an investment demanding industry. A significant amount of capital goes towards supplies and other consumable items. Cooperatives can create a centralized buffer of all the materials and equipments necessary for the aquaculture production, from where every member would receive their share of supplies for their farming operations. Cooperative would act as a single buyer on behalf of all the members, thereby commanding a better bargaining power at reasonable rates. Also by creating a buffer, the problems

of shortage of materials during the culture period would also be avoided ensuring smooth functioning of the crop cycle.

- **Training and development.** Conducting training programmes and seminars to enable learning of the new and better aquaculture practices among the members of the cooperative society. Such training programmes can enable a platform for exchange of techniques and methods of aquaculture and help in problem solving for the members.
- **Collective decision-making process towards a common goal.** Cooperative society must act as a representative of their aquaculture farmer's members in all matters relating to regulatory or other legal matters. Members should participate fully in cooperatives' management decisions (including issues like vigilance against dishonesty and corruption, monitoring of the cooperative's performance, and managing social responsibilities).
- **Enabling legislation:** Cooperative societies must ensure that all the members follow the legislation the right amount of involvement is offered by the members towards the issues concerned. It becomes a role of the cooperative society to ensure a uniform code of conduct among the members and ensure that all members work in the best interest of the cooperative as well as the overall good of the members.

Conclusion

Due to their small size and limited availability of resources, small scale rural aquaculture units, faces several limitations thereby decreasing their overall efficiency of operations. Cooperative society of such members would help these farmers to conveniently focus on their culture production process, allowing a better output and effective use of their resources.

Several fisheries cooperatives have been set up in the past; however there lies a scope of a dedicated society for small scale rural aquaculture. Such societies would also provide support to these farmers, to deal with any outside pressures and offer timely guidelines for the same. Cooperative would allow these small clusters of rural aquaculture farmers to unite and form a single society with greater scale of operations and increased bargaining power.

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