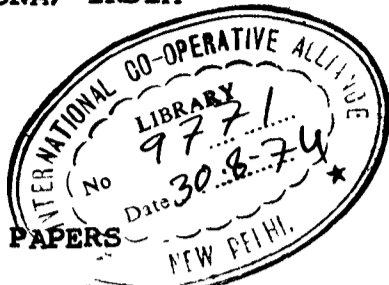


International Cooperative Alliance

ICA/SCC/NCUI NATIONAL SEMINAR ON "AGRICULTURAL COOPERATIVE MARKETING"

POONA, INDIA

OCTOBER 8-20, 1973



contents

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ICA

I. BACKGROUND PAPERS

1. Cooperative Marketing, by N. Sreenivasulu
2. Cooperative Marketing in the Union Territory of Pondicherry, by M. Sivagnanam
3. Orissa State Cooperative Marketing Society, B.K. Mishra
4. Kanke Vyapar Mandal Sahyog Samiti Ltd, Ranchi and its problems, by S.S. Rahman
5. Large Sized Primary Society Limited Mhowgaon District, Indore, by K.C. Choudhary
6. Farmers Multipurpose Cooperative Society, Mawryngkneng, Meghalaya, by G. Myllingap
7. Functional ~~the~~ Inadequacies of marketing cooperatives in India (Macro and Micro Analysis), by P.K.M. Raja
8. Viability of the selected primary cooperative marketing societies of Lucknow Division, U.P. (A Case Study), by C.P. Shukla
9. A Review of Cooperative Marketing in Uttar Pradesh, by D.C. Agarwal
10. Role of U.P. Coop. Federation in expanding cooperative marketing, supply of agricultural inputs, distribution of cloth, coal etc and development of processing activities, by D.C. Agarwal
11. A Review of cooperative marketing in the District of Indore, M.P., by P.B. Pare
12. MARKFED and its problems, by A.S. Sodhi
13. Cooperative Cold Storage Society, Rao, M.P. - An abstract of the case study, by V.S. Bhandari
14. An attempt in cooperative marketing of fruits in Uttar Pradesh Hills, by B.N.P. Dangwal
15. Cooperative Marketing of Agricultural Produce in India, by M. Karunanidhi
16. Review of cooperative marketing of foodgrains/ fruits and vegetables/dairy products/poultry and eggs in Bihar State & Causes of high costs of marketing and how to bring them down, by S. Prakash
17. The Cooperative Marketing Society Ltd, Ganj Basoda Distt. Vidisha, M.P.

II. LECTURE PAPERS :

1. Causes of High Costs of Marketing, by Lionel Gunawardana
2. Role of Cold Storages in Food Preservation and Production, by S.R. Bajaj
3. Procurement of wheat by cooperative marketing societies - A case study of Haryana Marketing Federation, by Dr. G. Ojha
4. Supply of Agricultural Inputs in India - The Role of Cooperatives, by Dr. G.S. Kamat
5. Cooperative Marketing - Reviewed, by G.S. Kamat
6. Cooperative Principles, by Lionel Gunawardana
7. Operations of Primary Marketing Society, by M. Kasaoka
8. Foundations of Marketing, by Olle Hakelius
9. Role and Organisation of Farm Guidance Activities, by M. Kasaoka
10. Financial Control as a tool of effective ~~ment~~ management, by Olle Hakelius

III. GROUP REPORTS

IV. PROGRAMME OF THE SEMINAR

V. LIST OF PARTICIPANTS



**International Cooperative Alliance**

**BACKGROUND PAPERS**



## BACKGROUND PAPER ON COOPERATIVE MARKETING

By N. Sreenivasulu,  
Joint Registrar.

Cooperative Marketing in Andhra Pradesh is of recent origin. The A.P. State Cooperative Marketing Federation was constituted in 1965 with the entire state as its jurisdiction. Nevertheless the progress achieved is heartening. It has expanded its activities to many spheres. The business turnover has risen to Rs. 850 lakhs resulting in a profit of Rs. 24 lakhs in 1972-73 as against a turnover of Rs. 73 lakhs in 1970-71. It has taken up programmes worth Rs. 100 crores in 1973-74. The notable fields in which the State Federation has made substantial progress is Distribution of fertilisers and other inputs which is one of the primary objects. It has distributed fertilisers of the value of about Rs. 920 lakhs (1.5 lakh M. Tonnes) in the years 1971-73. It has undertaken procurement of foodgrains both as an agent of Food Corporation of India and also on its own and served the producers as well as Government in the implementation of its policies. It has been responsible with the assistance of N.C.D.C. in setting up 144 rice mills in the cooperative sector. However, non-availability of working capital requirements and the levy policies of Government are standing in the way of their full utilisation. In addition to the above it was responsible for the creation of storage capacity of 2.30 lakhs tonnes in the cooperative sector. It has proposals to expand this capacity further by 55000 tonnes worth Rs. 85 lakhs with the assistance of N.C.D.C. at 66 2/3% with its

limited experience it has also taken up purchase of cotton as an agent of cotton corporation of India in various production centres in Andhra Pradesh worth Rs. 1.25 crores (5000 quintals of Kapas). It has programmed to take up cotton purchases worth Rs. 15 to 20 crores.

The A.F. State Cooperative Marketing Federation has constructed the 1st agro based industry in A.P. recently. This Rice Bran Oil Factory is established at a cost of Rs. 22 lakhs. The Federation has planned to take up one cold storage plant at Hyderabad, three tractor servicing/hiring centres at Miryalguda, Jaghial and Nandyal. The Federation has already been dealing in tractor spare parts. It has very ambitious programmes on hand in setting up of Agro-based industries like cattle-cum-Poultry Feed Plant, vegetable ghee unit, Groundnut Oil complex, paper manufacturing unit, coconut processing unit fertiliser granulation plant etc. in various parts of the State.

It has got ready proposals to take up production, processing, storage and distribution of quality seed at an estimated cost of Rs. 300 lakhs in three years realising the importance of quality seed in Agriculture. Marketing structure in Andhra Pradesh has been developed on three tier system. There are almost 269 primary marketing federation. There are single commodity Marketing Societies for Tobacco, Vegetables etc. There are also sugar cane growers societies with their own sugar factories with a separate federation at the state level to tackle their problems. The marketing cooperatives

are destined to play a very vital role in the take over of wholesale. Trade in foodgrains by Govt.

With all the ambitious programmes on hand for processing activities the A.P. State Marketing Federation should gear up its machinery to explore possibilities of disposal of the products. Then only it can fulfil its objects of a better price to the producer and a reasonable price to the consumer.

In another field, a very important field at that in as much as they are the most exploited sections viz. upliftment of Girijans, remarkable progress has been achieved in Andhra Pradesh in the last few years. Taking note of the need for the welfare of Girijans A.P. Government formed a Girijan Cooperative Corporation with the three fold objectives of providing the Tribal People with credit facilities arranging supplies of their domestic requirements and to arrange for the marketing of their agricultural and forest produce. Separate societies have been formed in important shandi places where the Girijans bring their produce for sale to merchants for nominal price or on barter system in exchange for their domestic requirements. This exploitation by these middlemen has been to some extent tackled by the Girijan corporation entering the field with more a social objective.

In 1961 the A.P. Girijan Cooperative Corporation had only 10 primaries and 20 domestic requirement depots with a turn over of Rs. 24 lakhs. In 1966 the corporation had 12



primary societies and 85 Domestic requirements depots with a turnover of Rs. 92 lakhs. In 1971-72 the number of primaries has gone up to 27 and the D.R. depots to 247 with the turnover of Rs. 150 lakhs. Besides this it has opened 16 urban retail depots for the sale of the produce to consumers. It has also set up processing plants for conversion of Tamarind into "concentrated juice" for ready use in the houses. There are nearly 24 items of produce procured directly from the Tribals. However, much has yet to be done in this field to ameliorate the conditions of the Girijans who are the most exploited weaker sections of the community.

The problems to be tackled are :

- i) urgent steps have to be taken to provide margin monies to the rice mills which are idle for want of working capital.
- ii) to arrange for the disposal of marketable surplus of the producer members.
- iii) to link up the activities of marketing and consumer societies to benefit the producers as well as consumers.
- iv) unless the cooperative marketing there is the danger of their being ignored and marketing and supply activities taken up completely by Public Sector undertakings like Food Corporation of India, Fertiliser Corporation, Seed Corporation, Agro-Industries Corporation etc.
- v) there is a feeling that credit movement has not succeeded due to the absence of linking with

marketing. Efficient marketing should be undertaken for the success of agricultural credit in India.

vi) elimination of vested interests, viz. Traders who hamper the working of the cooperative marketing societies.

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## COOPERATIVE MARKETING IN THE UNION TERRITORY OF PONDICHERRY

Started in 1955 after de-facts transfer of the former French establishments to the Indian Union, the cooperative movement in Pondicherry is still in infant stage. The development of Cooperative Marketing of Agricultural produce is comparatively of recent origin.

There are only two primary marketing-cum-processing societies in the union Territory. For a long time, the societies confined their activities to supply and distribution functions, mainly fertilisers. Paddy is the principal food crop grown in Pondicherry and Karaikal regions. The societies were encouraged to make outright purchases of paddy on their own account from the small farmers, in the first instance and for which Govt. assistance was provided to constitute a Price Fluctuation Fund in the societies. Further, the two societies were appointed by the Govt. as procurement agencies under the paddy levy scheme, along with the Food Corporation of India to procure the levy-paddy on Government account. During 1972-73, the societies have made outright purchases of paddy to the value of Rs. 5 lakhs and procured on Govt. account, another Rs. 5 lakhs worth of paddy. The societies of village credit societies were utilised for making out-right purchases of paddy and for rendering this service, the village societies were paid commission on the no. of bags purchased.

Groundnut is the important cash crop grown in Pondicherry. In the absence of the regulated markets, the Pondicherry cooperative marketing society undertake the sale of groundnuts on commission basis, on the lines of the regulated marketing system. The society earns a commission on the no. of bags sold. About Rs. 20 lakhs worth of groundnut are marketed of the society every year. Besides, fertilisers valued at Rs. 55 lakhs and consumer food articles worth Rs. 50 lakhs were distributed during 72-73. The societies maintain two custom-service units with a complement of tractors, threshers, power sprayers etc. for the

benefit of the small farmers. An oil mill at a cost of Rs. 2 lakhs is being set up by the Pondicherry society with Govt. aid.

Problems

1. The owned funds of the societies are not adequate to raise sufficient working capital from the State Bank of India by providing the prescribed margin. The scope for raising additional share capital from the member-societies is not bright as there are only a handful of societies in the Union Territory. In the circumstances, Govt. should come forward to provide liberal share capital contribution to the marketing societies without insisting on matching share capital contribution by their members.
2. The khariff crops coming in the market during the monsoon period are to be disposed of immediately, as in the absence of dryer facility, the quality of paddy will determine during storage. With the enforcement of the paddy movement control order, the solution have no freedom in the disposal of the paddy. Hence, the societies are reluctant to purchase the khariff paddy in a big way, as loss is apprehended in these transactions.
3. A reasonable allowance should be given to the societies to take care of the loss arising out of deficit in storage, in transport etc. and to write-off such losses within the permissible limits.
4. Owing to the prevalence of dual prices for paddy i.e. the procurement price and the open market price, the societies are unable to compete effectively with the Millers and the private trade.

M. Sivagnanam  
Asst. Registrar  
Coop. Societies  
Pondicherry.

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ORISSA STATE COOPERATIVE MARKETING SOCIETY

Shri B.K. Mishra,  
Director,

The Orissa State Marketing Cooperative Marketing Society Ltd., registered during the year 1949 is a state level marketing organisation with 52 affiliated Regional Cooperative Marketing Societies 9 cold storage societies and 92 other institutions including the State Government. The institution is nick named as "COMARKET". The total share capital of the society is composed of Rs.69,000 paid up share capital from members and Rs.58.90 lakhs received from the state government.

The present business activities of this institution is confined to fertiliser distribution, pesticides and insecticides, procurement of foodgrains, veterinary medicines, agricultural implements and building materials.

During the year, we have so far distributed 84,000 tonnes of fertiliser through our Regionals on consignment basis. Due to dearth of fertiliser we are unable to meet the demands of the cultivators.

In this connection we have taken action in installing on granulated fertiliser mixing plant with a capacity @ 7.5 M.T. per hour.

For the first time, the state government appointed us as their agent for procurement of paddy and rice along with Fertiliser Corporation of India in the year 1971. During the year 1972-73 we

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have so far procured 11,000 metric tonnes rice valued Rs.1.10 crores. We have procured this paddy through our Regionals. Regionals in their turn have procured paddy direct from farmers as well as through service-cooperative societies. By this way we have encouraged the cultivators of the state to repay their loans in shape of paddy and thereby have encouraged credit linking with marketing.

In the cooperative sector by now twenty-five rice mills are functioning. We have facing difficulties for storage of paddy and rice as the disposal of rice has not given clearance by the government.

Since we have a number of rice mills in our own sector it has been decided to install one rice Bran oilmill.

Other inputs:

We have been dealing with various kinds of insecticides and pesticides, sprayers, agricultural implements, pumps and power tillers to make available to the farmers. The farmers are getting these things from their village level societies as these are channalised through Regionals. By this way we are trying to have a better cooperation between marketing structure and credit structure which is perhaps unique in the country.

Agricultural produce :

Orissa state Cooperative Marketing Society is also participating in marketing of agricultural produce of members and non-members various agricultural produces like groundnut blackgram,

horse gram, potatoes are being purchased and marketed.

Seed distribution:

We are going to take up seeds distribution. This year we are going to supply entire wheat seeds to the farmers after procuring these. Also we are supplying other seeds.

Pesticides formulation unit :

We are going to instal one pesticides formulation unit at Baragarh.

Maintenance of various cells at our level :

We are maintaining following technical cells to help our regional marketing societies.

a) Machanical Cell - In order to keep the rice mills in running condition, our society has created this cell. Through this cell we maintain and supervise the operation of the rice mills.

b) Engineering Cell :- Through this unit we are undertaking all the construction work of the Apex as well as the other cooperative structures.

c) Refrigeration Cell :- Nine cold storages in cooperative sector are working . We have opened this cell to maintain these cold storages. Also all the Departmental cold storages are also under our supervision.

d) Marketing Cell :- We have opened this cell to advice our Regionals regarding market trend and help in their purchase and procurement.



e) Farm advice Cell :- We have opened a cell with an Agricultural expert to give farm advice to the farmers through Regionals.

In conclusion I can say that due to the uncertainty of rain and poverty of the people of Orissa are great bars in the progress of cooperative movement in Orissa even if we do take great care in planning and excuting these.

Problems :

1. We do lack in storage capacity.
2. Marketing cost is high as we have to purchase from village levels as the cultivators are not in a habit to bring their produces to Mandi.
3. Lack of coordination between credit structure and marketing structure.
4. No provision to advice the cultivators to give farm advice regarding use of inputs (soil test, rotation of crop etc.).
5. Dearth of trained personnel at service society and Regional levels.
6. Financial weakness of the Regional marketing societies.

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Regn.No.  
BDS/15.10.73/

Kanke Vyapar Mandal Sahyog Samiti Ltd.,  
Ranchi and its problems.

By

S. S. Rahman, M.Com.,  
Manager Cum-Secretary.

Introduction :

The Kanke Marketing Cooperative Society (popularly known as Kanke Vyapar Mandal Sahyog Samiti Ltd.,) is the primary marketing cooperative society at Block level in the district of Ranchi of Bihar State. It was registered in the year 1960 having its area of operation extended to the entire area of the Kanke Block. In the Block area there are 39 cooperative societies of different types such as Multipurpose Cooperative Societies, Large-sized multipurpose cooperatives, weavers cooperative societies, vegetables growers cooperative societies, oilseeds cooperative societies, Bonemile cooperative societies and the like. But only 27 of them are the members of this society and 225 individuals including one state government are on the membership list of the society. It has got a paid up share capital of Rs. 97,270 out of which Rs. 67,000 have been contributed by the State Government and Rs. 20,000 by the Marginal Farmers' Agency, Bihar.

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Nature of Business :

The main business which the society is doing at present is to advance pledge loans to the members against the value of goods pledged by them, to purchase & sell fertilisers, agricultural implements, insecticides & pesticides etc. It is also dealing in controlled commodities like wheat, sugar etc. and recently in cloth. But the most important side of its function is that it has got installed one Modern Rice Mill in its area of operation. The Government had sanctioned a sum of Rs. 2,00,000 in the year 1968 and thus with this amount a Koya (Japan) made plant of Rice Mill of one ton per hour capacity was supplied & erected by M/s Damodar Enterprises Ltd., Calcutta in the year 1970. The inauguration was made on the auspicious day of 26th January 1971, and since then the mill is running, of course, with a ~~small~~space progress.

Problems :

Unlike other marketing cooperative societies in Bihar, the Kanke Vyapar Mandal Sahyog Samiti Ltd., has suffered a lot because of its some special problems. The problems can be summarised as follows:

1. Wrong location of the society & Rice Mill Plant.
2. Lack of experienced and technical personnel.
3. Inadequate financial accomodation
4. Lack of coordination between the Apex Marketing Union and the society.
5. Lack of cooperation between the cooperatives.
6. Stop treatment of the commodity Corporations.

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1. Wrong location :

Under the Plan, a marketing Cooperative Societies was to be organised at each **block** and so this society was organized and located at **block** Headquarters at Kanke itself which is neither at all a business **point** nor it is easily accessible to the farmers. Farmers who want to sell their **surplus** agricultural produce do not prefer to bring that at the society Headquarters. **rather** they sell them at their own fields or take them to Ranchi, about 8 miles away from the society's Headquarters and which is considered to be one of the **busiest** trade centres of the area. Had the society been located **near** the town it would have definitely attracted members to use it as the medium of marketing & if not, at least, for storage purpose.

Now coming to the Rice Mill Plant, it can be again said that it was the second folly which the planners have committed. Ranchi lives on mountains and amongst forests. It has never been a rice bowl of the state. Even in Ranchi grain market, traders import foodgrains from the distant districts of Rohtas Bhojpur Buxar, Chapra etc. And to run a **Modern** Rice Mill of ~~one~~ ten per hour capacity, the society needs at least 30,000 quintals of paddy for one shift alone for one year. Whereas this society was able to crush about 20,000 quintals only in three years. So this is the result of wrong spotting of locating such a 'white elephant.'

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2. Lack of experienced & technical personnel :

Though the management of the affairs of the society rests in the hands of the Board of Directors but the Chief Executive man is the Manager of the society who is the Government employee drawn from the civil service cadre. He is not generally experienced in the marketing business and particularly not technical of handling a machine plant. But very recently the Government has realized the importance and as such ~~emphasis~~ are being given for proper training of the Manager in the field of marketing & management. The Kanke Vyapar Mandal Sahyog Samiti Ltd., has suffered only because the previous managers were not experienced & trained. The Government has posted me there after I received training of cooperative marketing and management of Rice Mills from the Indian Institute of Technology, Kharegpur. But before I was posted, much harm had already been done to the society. Though I do not boast but by dint of my training & experience I am trying my best to correct the mistakes and set the mill & Vyapar Mandal on the right lines.

3. Inadequate financial accommodations:

Though the Government has sanctioned a large amount of Rs. 2 lacs for the construction of Rice Mill building, godown & purchase of machineries, etc. But for two years it did not sanction margin money or working capital, to the society. As a result the society was

bound to bank upon the Cooperative Bank for short term loan. And when the loan was received, it was felt that without having a drying yard and a well it is not possible to manufacture parboiled rice. So this amount was invested for the construction of the above two items blocking the way for repaying the loan to the Bank & taking fresh loans. In this way the money was terribly directed, because the Government had not sanctioned loan for the construction of drying yard and well. (This amount has been received this year and when great harm was already done to the society) So we see that how the society suffered due to the lack of adequate planning for financial accommodation to the society. Every thing has been done in a topsy-turvey manner.

4. Lack of coordination between the Apex marketing Union of the society.

We have got one BISCOMAUN (Bihar State Cooperative Marketing Union) at the State level. We are the members of that union. But hardly we are considered as a part and parcel of the union. In the year when the Mill was inaugurated, the Union was pleased to get some paddy crushed at our mill on Custom basis, with which we realized that we have got some relations with 'Biscomaun'. Last year & in the current year we have neither received any amount of paddy nor any order to supply rice to the union. I personally ran from pillar to post to get

an order to mill the paddy at least at our own mill on behalf of the union, but in vain, What to talk of financial accomodation from 'Biscomaun', or to be a medium marketing of agricultural produce, or to be an agent for procurement of wheat or paddy. These are the ~~dreams~~ dreams yet to come true.

5. Lack of Cooperation between cooperatives :

We have got some village level cooperative societies as members. They are actually the back bone of the society. But some parts of our body have been paralysed due to the lack of their cooperation. We intended to purchase paddy through them. We advanced them heavy amount for the purpose, but they diverted the amount in some other unproductive channels, causing us less supply of paddy or no supply at all to the mill. In village level cooperative societies in our area ~~since~~ since the amount is diverted, it is hardly regularized and channelized. As a result we have been facing great difficulty in having sufficient paddy from <sup>the</sup> open market or the Government Agricultural Farms. At every state we need money and the money is struck in our own arms itself.

6. Step-Motherly treatment of commodity corporations.

We are not behind in having commodity corporations like food corporations, fertilizers cooperations, seeds corporations, agro-industries cooperations, and the like, but they are busy with their own businesses and activities. We are not asked to procure wheat, paddy,

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rice etc. by the F.C.I. We are not asked to sell the seeds of paddy, wheat, maize, groundnuts, potatoes etc. by the S.C.I., we are not asked to supply the agricultural implements like pumpsets, etc. to the farmers by the agroindustries corporation. Cooperatives have actually been cornered by these commodity corporations in Bihar. We are, of course, asked by the Central Consumers Cooperative Store, Ranchi to sell control cloth provided if we deposit a huge amount like Rs. 10,000 as in advance in the account of the consumers' cooperative store. We have done like this and then we could be able to get some cloths from the store.

So in short, these are some of the problems which we are facing in our cooperative society these days. They say "to hope for the best and be prepared for the worst". But I say "first deserve then desire." I do not know which was told first.

( S. S. Rahman )

Paper presented to the NCUI/ICA/SCC National seminar on "Agricultural Cooperative Marketing in India" held in Poona from 8.10.73 to 20.10.73.

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LARGE SIZED PRIMARY SOCIETY LIMITED MHOWGAON  
DISTRICT - INDORE - M.P.

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- K.C. CHOUDHARY  
President, Indore District  
Cooperative Union,  
Chairman, Primary Society  
Mhowgaon.

The Large Sized Primary Society Mhowgaon is a pioneer amongst the cooperatives at Holkar State. It was founded & registered on 15th October 1915 on No. 2. After continuous work 43 years it was converted into a large sized Primary Society on 16th January, 1958. At present the society is working in 17 villages and thus serving a population of 20,000. It is one of the biggest society of multi-purpose nature which is entrusted with marketing functions.

Composition:

The society has got a membership of 748 members with a subscribed share capital of Rs. 1,02,000. The annual turnover exceed Rs. 15 lakhs and has got working capital of Rs. 8 lakhs. A board of directors consisting of 17 members manages the affairs of the society with help of the working committee of 7 members to look after day-to-day affairs of the society. A paid manager-cum-secretary is appointed and a staff of 8 employees is there to assist him.

Objects. The main objects of the society are:

- i) To provide credit facilities to the members.
- ii) To provide marketing facilities to farmers viz. to arrange/organise sales of their produces and linking the credit with

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marketing.

- iii) to provide agricultural inputs to the members viz. seeds, fertilisers, chemicals, insecticides, pesticides, agricultural machinery etc.
- iv) To encourage savings, self-dependetness and cooperation amongst members.
- v) To collect produces of members, to provide warehouse facilities to members.
- vi) To perform all necessary funtions to attain above objectives.

Activities:

The present activities of the society are:-

- i) Supply of credit to the members.
- ii) Supply of agricultural inputs to the members and non-members i.e. chemical fertilisers, insecticides, pesticides, improved seeds, agricultural implements.
- iii) Supply of consumer goods to the members and non-members.
- iv) Purchase of agricultural produces and arrangements of their marketing.
- v) Collection of savings/deposits from members and non-members.
- vi) Preparation of form plants of the members.

Relationship with other institutions:

The society is affiliated to the following institutions:-

- i) The central Cooperative Bank,
- ii) The Indore Malwa Milk Union Limited,
- iii) The Indore District Cooperative Union Limited,

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iv) The Cooperative Marketing Society Ltd., Mhow,

Future Plans:

The society is recently adopted by the I.C.A., N.C.U.I., field project of cooperative education for their activities.

The society is starting a farm guidance service from 1st December 1973.

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Regn.No.  
BDS/11.10.73/



BACKGROUND PAPER ON ~~Farm-coops~~ FARMERS'  
MULTIPURPOSE COOPERATIVE SOCIETY -----  
MAWRYNGKNENG, MEGHALAYA.

By Shri G. Myllingap, M.L.A.,  
Honorary Chairman.

Cooperative movement in Meghalaya is of recent origin. The State itself was inaugurated in January 1972. Before that it was a composite State of Assam. It is a fact that in a composite State of Assam study cases of cooperative societies have been registered and there but they were not the spontaneous organisation which very few people could realise the existence of such organisations.

Therefore, when a new state was emerged it was felt necessary that a cooperative society should be organised with full investment of the promoters from the actual villagers. In collaboration with the SFDA/MFAL & Farmers' Multipurpose Cooperative Society Ltd was organised.

Date of Registration	-	18th Sept. 1972
Area of Operation	-	Mawryngkneng Block Area
Present Membership	-	4,000
Share Capital	-	4,80,000/-

As indicated above this society is operating in the whole Block Area with 10,000 House-holds and its target is to enrol member from each and every house-hold which ultimately may have 10,000 members with a share capital of 200000.

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Since there were no Primary Societies, therefore, there was a need to have a Multipurpose Cooperative Society, which will look after both credit and marketing besides having different type of programmes as listed below for different type of cultivators.

1. Potato cultivation	-	3,000	members.
2. Pigery scheme	-	500-	members.
3. Poultry scheme	-	500-	members
4. Stone Fruits cultivation	-	300-	members
5. Apple Fruit cultivation	-	200-	members
6. Servicing Gum Hiring Custom for Head Quarter			
7. Maize Cultivation	-	300	members.
8. Bean factory at Shillong.			

Out of the schemes shown above, the society has decided to take up by phasing. This year the potato cultivation scheme was under taken for 3,000 members covering 3,000 hectares. The society has rendered services in form of providing tractors and power tillers for tractorisation, high fielding seeds brought from Simla, like Kufri Jyoti and certified up-to-date upto the volume of 1120 Tones. Further it distributed fertiliser to the tune of 1,500 Tones and other services like pesticides and plant protection. The whole scheme was financed by the R.B.I. to the tune of 40 lakhs, Meghalaya Cooperative Apex Bank, Shillong, 4 lakhs and SFDA/MFAL in form of subsidy 14 lakhs.

.....3/-

The loan from the R.B.I. and the Meghalaya Cooperative Apex Bank was granted on a State Government guarantee, which clearly indicated that the state government is eager to help its cultivators. In this context the society has tried its best to link the credit with the marketing and it has explored all possibilities to find out a remunerative price for its growers, but failed. To this failure there are many factors which collectively were responsible. Never-the-less the society could stabilise the local market price by declaring a minimum price to its member which consequently had an impact on the local potato market price resulting to the remunerative price to its members in the local market.

At the moment the society is taking up the Piggery and Poultry schemes simultaneously.

Though the present trend of thinking is to diversify the activities of the society. Yet an element of fear is also persistent as thrashing many things at a time to a baby. There may be undesirable result which may hamper further plans and programmes. Specially in a big society many bad elements are taking advantage of the situation either on this plea or that plea to encourage non-repayment of loans. Therefore, it may be desirable that the society should go slow with its programmes and sort out all undesirable elements.



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At the end it is hoped that such seminar training programmes and education to members will strengthen this society in particular and other societies in general. I wish that the cooperative education may be imparted in any possible means at the disposal of the NCUI/ICA/SCC or any other organisations to our members as early as possible before they became hostile to cooperative movement.

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COOPERATIVE TRAINING COLLEGE, BANGALORE-4.

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FUNCTIONAL INADEQUACIES OF MARKETING COOPERATIVES IN INDIA  
(Macro and Micro Analysis)

By - P.K.M.Raja, Lecturer,  
Coop.Training College,  
Bangalore-4.

(Paper submitted at the National Seminar on  
Agricultural Marketing in India held at Poona  
from 8th to 20th October, 1973.)

INTRODUCTION:

In our country with the commercialisation of agriculture problems of marketing of agricultural produce have also cropped up. It was realised that the whole programmes for increasing agricultural production would be jeopardised unless supported by a sane and sound marketing policy designed to overcome the imperfections in the marketing system and safeguard the interests of the producers. To achieve this objective Cooperative Marketing have been assigned a crucial role. From the experience of many Foreign Countries it was found that cooperative marketing if organised properly is the most effective and comprehensive method for improving the agricultural marketing system and also to reduce the price spread between the producer and the consumer ensuring a fair return to the latter without adversely affecting the former. Besides, it also contemplated arranging supplies of farm requisites, providing farm guidance and services thus helping the technological improvements in agriculture. Further development of coop; marketing was found essential for large scale expansion of credit and its recovery from sales of agricultural produce.

Thus in our Country co-op; Marketing has been assigned an important role in the integrated programme of co-op; development.

With all these aspirations and expectations, organised attempts have been made in our Country, especially since 1955 onwards, to provide the necessary infrastructure to the cooperative marketing system to enable it to achieve these objectives. With the benevolent patronage and assistance of Government and Govt. Agencies it got a break-through and a leap forward. In this paper an attempt is made to analyse how far the cooperatives have fulfilled the expectations. In the first instance their performance for the whole country is discussed subsequently focussing the performance in a District in MYSORE state.

1. STRUCTURE:

The Federal Structure of cooperative Marketing consists of Primary Marketing Societies at Taluka level Distt/Regional Societies at intermediate level (in a few States) and State Marketing Federations at State level. At the All India level we have National Agrl. Coop.; Marketing Federation. The particulars of the marketing cooperatives at various levels during the past three years are given below.

Societies	68-69	69-70	70-71
1. National	1	1	1
2. State	21	21	21
3. Distt/Regional	163	162	160
4. Primary	3342	3261	3186

In addition there are seven Special Commodity State Level Federations (2 each for cotton, fruits and vegetables and other specialised commodities and one for sugar cane supply societies) Among the Primary marketing societies, 2685 are organised on territorial basis while the remaining 501 are Special Commodity Societies organised for cotton, jute, areacanut etc.etc. A slight reduction in the number of primary societies is due to amalgamation/winding up of a few weaker societies.

2. PERFORMANCE - an APPRAISAL:

The main yard stick to examine the success or failure of a marketing cooperative is its performance in marketing of agricultural produce. Here their performance continues to be insignificant. The following table gives the annual production of some major crops in the Country for the past three years.

(Figures in lakh tonnes)

Commodity	68-69	69-70	70-71
1. Foodgrains	-	195.19	1078.31
2. Sugar cane	128.26	137.83	131.94
3. Oil seeds	68.45	77.34	81.87
4. Cotton	51.44	52.55	45.56
5. Jute	29.31	56.55	49.05

(Source:- Nafed's Statistical Statement)

Against the total agricultural production given above the value of agricultural produce handled by cooperatives for the past four years are given below:  
(Value in lakhs Rs.)  
(Base year '68-'69-100)

	68-69	69-70	70-71	71-72
1. Foodgrains	22167	20144(90.5)	26058(117.5)	33000(149)
2. Sugarcane	22685	25996(121)	22439(98-7)	21000(92)
3. Others	13995	13864(98-6)	163373(117)	20000(143)
4. Total	58847	59974(102)	64870(117)	74000(126)

It may be observed that foodgrains and sugarcane are the main commodities handled by the Cooperatives. In foodgrains the volume of transactions show a substantial increase mainly due the procurement work undertaken by cooperatives on behalf of Government and Government Agencies like F.C.I. In this sphere also it may be pointed out that in 70-71 the performance of cooperatives were so uneven that in six states viz. Hariyana, M.P., U.P., Punjab, Maharashtra and Assam accounted for 85% of the total turn over. Here again Punjab alone accounted for 40% foodgrains handled by Cooperatives. In the case of sugarcane two States viz. Maharashtra and U.P. handled 76% of the total produce in the cooperative sector, which was again due to sugarcane legislations prevalent in the states. In respect of other crops such as cotton, groundnut, plantation crops etc. very little could be accomplished.

According to the statistical statements published by the Reserve Bank of India the overall performance of Marketing Cooperatives continue to be poor and almost stagnant. The table below attempts to work out the

percentage of societies not engaged in marketing business and further classify them according to the performance.

Year	Societies not handling mkg. business	Societies handling less than 1 lakh Rs.	Between Rs.1 to 5 lakhs.	Between 5 to 10 lakhs	Over Rs.10 lakhs
1968-69	33%	21%	19%	10%	17%
1969-70	39%	19%	19%	10%	13%
1970-71	33%	21%	19%	10%	17%

It may be seen that even now over 50% of the societies at primary level practically are not engaged in the marketing of agricultural product.

Now coming to the performance of the marketing cooperatives in the supply of farm inputs the following table indicate the trend for the past four years.

Year	Fertiliser	Seeds	Implements	Pesti-cides	Others	Total
(Value in lakhs rupees)						
1968-69	20080	2348	663	403	1810	25304
1969-70	23249	2329	573	267	1709	28226
1970-71	24978	3949	1041	1771	-	31739
1971-72	30000	4500	1200	2000	-	-(estimated)

In the case of fertilisers cooperatives accounted for about 60% of the total fertilisers distributed in the country. However, here again the uneven development could be observed as four states i.e. Gujarat, Maharashtra, Punjab and U.P. accounted for about 57% of the fertiliser

distributed in the country by cooperation. In the case of seeds seven States namely Bihar, Gujarat, Madhya Pradesh, Mysore, Maharashtra, U.P. and Punjab contributed for about 98% of seeds distributed by cooperatives. Thus although cooperatives have recorded progress over the years, much still remainsto be done in this field.

3. INTER-STATE TRADE:

One of the important methods to ensure a fair price to the farmers are the ability of marketing cooperatives for disposal of stocks in the terminal/ consuming market. Every year huge quantities of various agricultural commodities move from surplus to deficit states. It is estimated that on an average about 11 million tonnes of commodities are moved in inter-state trade on an average. In comparison to this the share of cooperatives during the past four years can be seen in the following table.

(Value in Crores Rs.)

'66-67'	'67-68'	'68-69'	'69-70'
10.91	61.21	57	66.55

The Inter-state trade by cooperatives was mainly confined to a few commodities such as pulses cereals, plantation crops, oil seeds etc. Although there has been considerable increase over the past few years, their share continue to be meagre. Here again states like Punjab, U.P., M.P., accounted for the bulk of the transactions.

4. EXPORT TRADE:

In the strategic field of export trade the role of cooperatives is still meagre. Our annual exports of agricultural commodities during 1970-71 and 1971-72 amounted to Rs.326 and 346 crores which formed about 40% of our Country total Exports. The performance of cooperatives in this sphere is given below.

(Value in Crores)			
1967-68	1968-69	1969-70	1970-71
1.6	4.65	6.42	5.95

The main cooperative agency in export field is NAFED. Besides a few other Societies like Jalgaon fruits and vegetables society Khanna co-op; Solvent extraction Unit etc. also have exported some of their stocks. It may be seen from 1967 onwards the value of exports undertaken by cooperatives have increased substantially although their share in the Country's total Exports is negligible.

5. BUSINESS PRACTICES:

At present most of the marketing societies engaged in marketing activities are doing it as general commission agents with the result they continue to depend upon the local traders for the disposal of stocks. This has considerably limited their influence in determining the price. To overcome this problem they have to undertake outright purchases of agricultural produce from their members. But despite encouragements such as contribution to special price fluctuation fund, special share capital contribution for outright purchases etc., nothing substantial could be achieved so far because of various operational limitations.



In the field of pooling and grading which is a necessary adjunct for orderly marketing except in the case of a few cotton and fruits and vegetable marketing cooperatives of Gujarat and Maharashtra, nothing could be achieved so far.

6. LINKING OF CREDIT WITH MARKETING:

In the field of linking of credit with marketing although physical affiliation of about 89% of credit societies with the Marketing Societies is achieved so far, the progress of recovery of production credit by marketing cooperatives continues to be very poor. During the year 1970-71 the recovery of production credit by sales of produce worked out to only 12.5% (Rs.63 crores) of the total S.T. and M.T. loans.

7. STORAGE:

Availability of proper and adequate storage facilities is a necessary precondition in agricultural marketing. For creation of adequate storage facilities cooperatives from village level to State level liberal financial assistance have been given for construction of godowns. By the end of 1971-72 storage capacity worth 32 million tonnes have been created in the cooperative sector. In addition 74 cooperative cold storages with a capacity of over a lakh tonnes have also been organised. However storage facilities still continues to be a problem with the cooperatives in the country.

8. DISTRIBUTION OF CONSUMER ARTICLES IN RURAL AREAS:

With a view to ensure supply of essential consumer articles to rural population a scheme for distribution of consumer articles in rural areas through

Marketing cooperatives and service cooperatives have been launched in our country since 1963. However the performance of cooperatives in this sphere show a declining trend as may be seen from the following table:

(Rs.in lakhs)

	1968-69	1969-70	1970-71
Consumer articles distributed by marketing cooperatives.	11109	9932	7039
Consumer articles distributed by service cooperatives.	13166	12637	8403
	24275	22569	15442

From the above discussions it can be seen that in our country on the whole the whole marketing structure have not been able to deliver the goods and play any effective role in the economic development of the rural population. Their growth and development were found to be quite uneven and haphazard in various states.

#### MICRO ANALYSIS

With a view to further focus the functional deficiencies of the Marketing Cooperatives a MICRO ANALYSIS is attempted in the following paras examining their performance in a district. For this purpose a district in Mysore namely in Tumkur has been chosen as a sample. This district grows a variety of crops both food-grains and commercial crops and is well covered by the Marketing Cooperatives and Regulated Markets.

Tumkur district is located in the east central part of the State. It has an area of 10,507 sq. KMS and a population of over 16.3 lakhs. The average rainfall is 687.9 mms. The percentage of irrigated area to net area sown is 16.7% which is slightly higher than the State average (about 12%).

The road and rail milage in the district are 2739.8 KM and 89 KM respectively. The district consists of 10 talukas namely, Tumkur, Gubbi, C.N. Halli, Kunigal, Tiptur, Turuvekere, Madhugiri, Sira, Koratagere and Pavagada. The area under cultivation and the production of major crops in the district are as follows:  
(in tons)

Sr. No.	Commodity	Hectres	Production
1.	Paddy	45,853	78,883
2.	Jowar	31,343	32,830
3.	Ragi	242,507	148,640
4.	Small Millets	33,369	12,029
5.	Pulses	60,848	19,548
6.	Chillies	3,961	778
7.	Sugarcane	3,862	311,865
8.	Groundnuts.	38,102	21,284
9.	Coconut	30,698	152 (Million nuts)
10.	Arecanut	3,554	6,38 kgs. per plant

In addition, Tamarind is grown in substantial quantity besides a medicinal plant known as sweet flag which is exported to foreign countries.

There are nine regulated markets in the districts. The total quantity and value of agricultural commodities sold in these markets during the year 1970-71 is 49365 Tons valued at Rs.1310 lakhs.

The district is well covered by cooperative structure covering agriculture credit, marketing, land development, consumers, industrial housing, farming, dairy and other aspects. There are 10 marketing societies at the rate of one in each taluka. These societies were organised during the period from 1949 to 1960 and the State Government contributed liberally towards their share capital to enable them to build up a strong financial base for expansion of their activities. Out of total share capital of Rs.10,71,747 of all societies in 1971-72, Government's contribution amounted to Rs.8,02,000 (about 75%). Except at Tiptur, the cooperative department officers are working as Chief executives of the societies.

A close look to the business operation of these societies would reveal the fact that they are working as supply and distribution societies rather than as Marketing Cooperatives.

(Value in Rupees)			
Commodities handled	1970-71	1971-72	Percentage of total business
Agri. Requisites	59,69,069	67,25,421	97.4%
Consumer Goods	19,96,237	35,32,188	-
Agri. Business Operations	16.6/-14,90,379	2,86,028	2.6%
Of which Government work	9,83,277	1,78,615	
<b>Total:</b>	<b>94,55,685</b>	<b>105,43,637</b>	

It may be seen that agricultural operation of the societies which was 16% of their turnover in 1970-71 came down to 2.6% in 1971-72 mainly due to reduction in the Government transactions, such as procurement. Although the district is endowed with a variety of commercial crops like chillies, sugarcane, coconuts, which has got a very good terminal market at Bangalore (only 44 miles away from the district), this facility has not been availed of by the marketing cooperative of the District. So far no serious attempts has been made in this direction.

In the field of interstate and export trade the progress of marketing societies in Tumkur District is nil. Regarding issue of pledge loan to the members only three societies advanced a sum of Rs.4,18,803 to 231 members in 1971-72 as against 6 societies giving Rs.10,80,728 to 516 members in the previous year (i.e. 1970-71), thereby showing a declining trend in this field.

Regarding linking of credit with marketing although the percentage of affiliation of credit societies which was 86% in 1970-71 increased to 93% in 1971-72, in the field of recovery of production credit under the scheme of linking credit with marketing there was absolutely no progress at all. With regard to the financial results of these societies excepting two societies in 1970-71 and three societies in 1971-72 all other societies worked on profit on account of their earnings in fertilisers and consumer business.

From the above it may be observed that the immense potentialities of the district for developing the cooperative marketing of agricultural produce have not been tapped yet.

In Tumkur District one medicinal herb namely, Sweet Flag (Botanical name - ACORUS CALAMUS) is produced to the extent of about 600 Tons annually. This produce has got great medicinal and insecticidal properties and is now mostly exported to the West Germany and to some other foreign countries. During the marketing season extending from December to February, the rate per ton, would be Rs.1500 to Rs.2500, which subsequently would go up to Rs.3500 to Rs.4500 per ton. The entire trade of this commodity is now in the hands of the private trade. This crop is cultivated in and around Korategere taluka which is probably the only place where this crop is cultivated in whole of South India.

During 1972-73 all the marketing cooperatives except Tumkur and Koratagere have been appointed as agents of State Marketing Federation for distribution of Sugar for which they are paid at the rate of Rs.1.50 per quintal. The societies have also been working as storage-cum-transport agent of Food Corporation of India. Besides one society namely, Gubbi.TAPCMS, did procure hundred tons of Ragi and 80 tons of Horsegram for the State Marketing Federation. In addition the Federation procured 8 Tons of Arecanut on Joint venture-basis. During the year 1973-74 it is proposed to procure about 300 tons of Tamarind from the District on joint venture-basis by NAFED and State Marketing Federation.

Thus it could be seen that there is immense scope for the expansion of Marketing activities by the societies of the district with the help and guidance of the higher level societies. Further there is an immediate necessity for installation of a few Oil Processing Units,

Rice Mills, Creation of More storage capacity etc., which will certainly boost up the marketing operations. The societies which are still depending upon the Departmental personnels to manage their affairs should have their own personnels, for conducting the business. Further the potentialities to export 'sweet flag' should be explored through state Marketing Cooperative Federation or the National Federation.

DEFECTS AND DIFFICULTIES:

From the above discussions it has been proved that the Marketing Cooperatives in the country could not achieve any concrete results so far in the field of Agricultural Marketing. The reasons for this state of affairs are briefly enumerated below:

1. Bulk of the marketing cooperatives are of recent origin and the sales made by them are so low that they can hardly function as viable units. The area of operation of a number of cooperatives is also not natural and often confined to administrative units such as talukas. Development Blocks etc. and not to the area from where produce are brought for sale in the particular Mandi. Further, there is no proper integration and cohesion in between different tiers of the marketing structure in our country. Proper organic and business links between the primary, Central, apex and national marketing societies are a much neglected field. The working of the marketing cooperatives in certain places is further hindered due to the fact that some credit societies are entering into the field of marketing and thus competing with marketing societies in the area.

2. The marketing cooperatives often show a tendency to harp too much on Government patronage and help; and the indiscriminate and in-discreet State assistance without examining the merits and de-merits of their necessities and purposefulness, have made them almost complacent. Concrete efforts are often not made by the marketing societies to increase their working capital in order to cope up with larger volume of business with the result that many a times they find it difficult to purchase the produce offered by farmers for sales on account of shortage of finance.

3. Cooperative Marketing Societies as a business organisations require high managerial efficiency for their successful functioning. They often ignore the basic functions of management like planning, control, co-ordination and motivation. In many cases, the managing committees of the marketing cooperatives have been found ineffective to perform the duties expected of them and to inspire loyalty and confidence among the members of the society. Coupled with this deficiency the marketing cooperatives suffer from lack of suitable managerial personnel to manage day to day affairs of the society properly. A number of employees working in the marketing cooperatives are found not abreast with the latest techniques of marketing and require business experience and training. Cases of favouritism in advancing pledge loans, defalcation of accounts, misuse of funds, etc. are often reported in several marketing societies. The management sometimes instead of trying to overcome these weakness by efficient supervision and control, either neglect them or aggravate the situation by delaying remedial actions.



4. Their business practices and methods are quite often found to be out of time and contrary to those prevalent in the market. The outcome is naturally their failure to give sufficient inducement to their producer-members to bring produce to them for marketing. Further, a number of existing marketing societies are not well equipped to perform different marketing functions such as assembling, transport, storage grading, financing, risk bearing, dissemination of market intelligence, processing etc. There is a general complaint that the officials of the marketing cooperatives work like government officers and do not give a courteous treatment and behaviour to their customers. The farmers feel that their dealings with cooperative marketing societies often lead to both errations and delays to them due to procedural wrangles when compared to their dealings with private trade. Even in the case of those societies which offer better services, a number of producers are not aware of the advantages of their dealings with them. There is usually little personal contact and care on the part of manager and staff of the marketing societies, with the members as a result of which they have very little confidence in marketing cooperatives. The operational cost of the marketing cooperatives in portion to their working capital is also abnormally high which stood at about 8% during the year 1967-68 when compared to 4% in 1958-59.

SOLUTIONS:

1. Marketing Cooperatives have an important role to play in the overall development of our economy. They are, therefore, to be rejuvenated to enable them to take up this assigned role. This emphasis the need for

developing an integrated cooperative marketing system which should ensure collection of produce directly from farmers and disposal at favourable terminal markets.

2. Loyalty of membership is most essential for the success of a Marketing Cooperative. The societies should be able to secure a substantial portion of the marketable surplus of agricultural produce grown in their area. For this better marketing services are to be provided to the members at minimum cost. The society should have arrangements and facilities for sales at terminal markets and consuming centres to ensure better prices. With better services and concrete results, a marketing cooperative can ensure the loyalty of members which is a pre-requisite for success of a cooperative.

3. The marketing cooperatives are required to adopt sound business techniques in their operations to accelerate their progress. A method of rapid business turnover with a larger volume of business, through progressive and dynamic salesmanship is to be developed and maintained systematically in order to successfully compete with the private trade.

4. The inter-relationship between the different tiers of the marketing system should be strengthened. The National Agricultural Cooperative Marketing Federation and the State level Apex Societies should guide and assist the primaries in marketing of agricultural produce advantageously.

5. Effective implementation of the scheme of linking credit with marketing and with processing is also necessary for the success of both credit and marketing and processing societies. Besides, providing a built-in

mechanism for recovery of production credit, proper implementation of this scheme would ensure increased flow of agricultural produce to marketing societies from the members.

6. The Marketing Cooperatives should have their own cadre of trained personnel. The scheme of National Cooperative Development Corporation for recruitment and training, of managerial personnel of the Marketing Cooperatives needs to be implemented more vigorously. Also the societies should have perspective business planning and policies in accordance with the business practices in their area of operation. Further, the capital base of the societies should be strengthened by enrolling more members and collecting additional share capital from agricultural credit societies.

7. Processing is essentially a stage in marketing in case of a number of agricultural commodities, particularly in respect of cash crops. The processing facilities in cooperative sector are therefore to be increased. Emphasis should be in building up self obtained, integrated processing complexes in the Cooperative sector.

8. Another factor that hinders growth of marketing cooperatives is infiltration of vested interests such as traders, producer-cum-traders, money lenders-cum-traders, etc., into the management of cooperatives. These elements would undermine the development of the societies and would try to exploit the societies, for their benefits. The cooperatives and the Cooperative Department should see that such vested interests are kept out of the field.

9. The Marketing Cooperatives should establish and develop business contacts with consumer cooperatives in their area of operation. Such a link is imperative to the further development of Cooperative Marketing and in the long-run would certainly have a healthy influence on the whole structure.

10. The Marketing Cooperatives along with supply of farm inputs should also endeavour to give the farmers necessary technical guidance since the productivity of the soil and income of farmers also depends upon judicious, timely usage of inputs and economy in the expenditure. In fact proper farm guidance is equally important as supply of inputs.

11. In these days of competition the efficiency in Marketing is dependent upon Market Research, aimed at discovery of better methods of marketing, better means of selling and other marketing aids, finding new markets within and outside the country, bringing down the marketing costs etc., there is great scope for use of market research in an agricultural economy. Our Federations at National and State levels may give due attention in this sphere of activity with coordinated plan of Market Research and its application in business.

12. A word may be mentioned about the technical and promotional cell created at the National and State level Federations with the assistance of the National Cooperative Development Corporation. The services of experts appointed under the cell may be better utilised for the promotion and development of Cooperative Marketing Societies in their area of operation rather than putting them in charge of certain sections at the Institutions where they are attached.

CONCLUSION:

"In conclusion I may submit that the need of the day is a through rejuvenation and activation of the entire it to play a dynamic and more positive role for the betterment of our Agricultural Economy on the Whole. What is crucial and even more vital is to achieve maximum standard of efficiency by the Marketing Cooperatives at all Levels".

Dated 5th October  
1973.  
Bangalore.

Sd/-  
( P.K.M.RAJA. )

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FUNCTIONAL INADEQUACIES OF MARKETING  
COOPERATIVES IN INDIA (MACRO & MICRO-  
ANALYSIS)

Summary of paper submitted at National Seminar on Agricultural Marketing in India held at Poona from 8th to 20th October, 1973.

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Introduction : (MACRO Analysis)

Marketing Co-operative have been organised in our Country with the main objective of removing imperfections in the agricultural marketing system in made to safeguard the interests of producers while ensuring supply of quality produce to the consumers at a fair price. Then other important functions are arranging supplies of farm requisites, providing farm guidance, large scale expansion of credit and its recovery etc. Federal structure of the Co-operative Marketing has amply spread out from primary to state and national level thereby achieving an extensive coverage in the entire country. About 2/3rd of primaries are organised on geographical basis while the remaining are organised on commodity basis.

P E R F O R M A N C E :

The performance of marketing co-operative in marketing of agricultural produce continues to be insignificant and restricted to mainly foodgrain

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and sugarcane. Even this is confined to a few state, about six of them contributory 85% of the total turnover. On the whole over 50% of the marketing co-operatives are not engaged in marketing of agricultural produce.

Regarding distribution of fertilisers and other production requisites progress is so uneven, that four or five state recording over 50% of the total turnover in this item. In the field of distribution of consumer article the progress over the past three years show a declining trend. The share of co-operatives in inter-state trade is very limited. Their share in the export of agricultural produce formed about a negligible 1.8% in the year 1970-71. Most of them acting as kachha arfatyas in the Mandi. In the field of linking of credit with marketing the producer of recovery of production credit by sales of agricultural produce worked out to only 12.5% of the total advances of S.T. & M.T. loans. Storage facilities with co-operatives continues to be inadequate. No sorting and grading is done excepting in a few commodities like cotton, fruit and vegetable are in a few places. Thus on the whole what the Co-operative Marketing Structure could not play any significant role in the economic development of rural population.

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MICRO ANALYSIS :

The above defects studied from the point of view of a district, TUMKUR in Mysore State reveals the fact that Marketing Cooperatives numbering 10 in the district have not succeeded in marketing of agricultural produce of their member within the districts and outside. About 97.4 % of their total business operations confine to districts of fertilisers and other production requisite and consumer article. Their agricultural marketing operations what formed about 2.6% of the total transactions was again restricted to procurement work. Despite the fact that the district in procuring a variety of commercial crops like Ground-nut, Cotton, Coconut, areeanut, Tamarind, Chillies no serious attempt was made to undertake marketing activities. Further a rare medicinal had called SWEET FLAG (ACORUS CALAMUS) is in the district which is exported to West Germany and some other Foreign Countries. There are nine regulated markets in the district but the share of operations of cooperatives in the total transactions in these Markets are too to have any impact.

The marketing cooperatives in the district immediately need a few ail & dal - producing units were storage facilities, financial helps and business guidance from the higher level societies to expand there activities. In the connection although

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in a small way, it is heartening to note that State Marketing Federation and NAFED have very recently decided to come to the assistance of marketing co-operatives in the district and a small byeing has been made in marketing of agricultural produce.

Defects and difficulties :

General operational defects and difficulties of marketing cooperatives in the country are detailed below :

1. Low turnover, defective area of operation, lack of business link between societies at various levels, competition from credit societies in a few places.
2. Tendancy to too much on Government aid and patronage & lack of any concerted efforts to own resources,
3. Lack of producer managerial personnel and effective managing committee which cannot bring royalty and confidence of members.
4. High operational cost, & outdated and outmoded business production and lack of facilities to per farm marketing functions.

SOLUTIONS :

1. Developing an integrated marketing system with facilities for disposal of produce at favourable terminal markets.

2. Loyalty of membership should be achieved by providing better services at minimum cost.
3. Adoption of sound business rapid business turnover large volume to business should be ensured their progressive and dynamic salesmanship.
4. Strengthening and disciplining inter-relationship between societies at various levels.
5. Effective implementation of
6. Creation of own managerial cadre and strengthening the capital base.
7. Building up of self contained integrated processing complexes.
8. Prevention of infiltration of vested interests
9. Develop business contact with consumer co-operatives
10. Provide farm guidance.
11. Increase marketing efficiency by conducting market research aimed at to find new markets new methods of selling , reduction of marketing cost etc.
12. Proper utilisation of expert of and promotional all.

CONCLUSION :

The need of the day is a through reorganisation and activation of the entire cooperative marketing structure to enable, it to play a dynamic and more positive role in our agricultural economy. What is crucial and even more vital is to achieve maximum efficiency by the marketing cooperatives at all levels.

Viability of the selected Primary Cooperative  
Marketing Societies of Lucknow Division, U.P.  
( A Case Study )

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C.P. Shukla,  
Dy. Registrar,  
Coop. Societies,  
U.P. Lucknow.

There were 15 primary cooperative marketing societies in Lucknow division of Uttar Pradesh handling foodgrains and agricultural requisites. 14 societies of the above were set up between the years 1957 and 1960 and were State-partnered institutions in which government share capital contributions ranged from Rs. 0.25 lakhs to Rs. 0.50 lakhs and the societies own contributions were between Rs. 0.40 to Rs. 0.60 lakhs. The district-wise break up of the 15 societies was as under :

1)	Lucknow	...	1
2)	Unnao	...	1
3)	Raibareli	...	2
4)	Hardoi	...	4
5)	Sitapur	...	2
6)	Kakheempur Kheree	...	5

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One society came into existence only last year at Sandila in Hardoi district. (in existence for the last 13 to 15 years.) A close scrutiny of the financial position of the 14 societies which were in (A) revealed that :-

- (1) Five societies had continuously worked on profit after meeting their full trading and office expenses. They had declared dividends to their members ranging from 2 to 4 per cent and had contributed to reserve fund @ 25 per cent of net profits.
- (2) Five societies had worked on profit in some years and incurred losses in others, but the

cost of Secretary-cum-Manager working in these societies had been met by the State Government. These societies had not been able to declare any dividend. The contributions made by them to statutory reserve fund were quite negligible.

- (3) Four societies had worked on profit only last year and also in the initial one or two years. However, the accumulated losses of these societies were much more than the accumulated profits. In the case of these societies (excepting in one) the cost of the Secretary-cum-Manager had been borne by the State Government. The societies' contribution to their reserve funds was nil and they had not declared any dividend ever since their inception.

It would be seen from the above that four societies out of 14 had worked at loss, 5 were at par and 5 the remaining had earned profits. However, if we include the cost of Secretary-cum-Manager, being borne by the State Government inter alia in the case of 5 primary cooperative marketing societies indicated at serial 2 above which have worked at par, then their accumulated losses and they will come under the category of societies having worked at loss. Thus, finally it would be seen that 9 societies out of the 14 had been working at loss even though in 8 of these societies the on-cost burden of the Secretary-cum-Manager had been borne by the Government.

An analysis of 9 societies which have worked at loss out of 14 revealed the following :-

- (1) In 3 societies their funds had been locked up as dues against 'Aahatiyas' and also amounts had been mis-appropriated by the Secretaries.

- (2) In 2 societies which had undertaken processing of groundnut as an adjunct to marketing activity, they suffered losses heavily in processing business on account of sudden fluctuations in the price of groundnut purchased by them.
- (3) In the remaining four societies the losses were due to poor business operations of societies as the major marketable crop in the area of these societies was sugarcane (and not the foodgrain) which was being handled by a separate set of marketing societies (known as sugar cane marketing units) which functioned under the Cane Department of the State Govt. quite independent of these societies.

While the losses in the case of societies at Sr. 1 were due to internal mis-management and faculty supervision, the losses in the case of societies mentioned at Sr. 2, were due to inexperience of societies in groundnut processing work. The working of these societies is however under constant review at the level of the State Government as they are State-partnered institutions. Necessary action has already been initiated to recover the dues from 'Aratiyas' as also the amount mis-appropriated. Besides criminal action against the delinquents. In case of societies which had suffered in groundnut processing business, additional financial assistance as margin money including contribution to the price fluctuation fund has been made available by the Government to enable the societies to borrow from the financing bank and ultimately enabling to commence business afresh. Nothing however, could be done in case of four marketing societies which had suffered losses due to poor business operations. As sugarcane which was the major marketable crop in the area of these societies was being handled and marketed to the sugar factories by another set of marketing institutions known as

Sugarcane Unions. The State Government in the Cooperative Department had tried its level best over a number of years to persuade the sugarcane Cooperative Unions to undertake the full responsibility of marketing work including effecting of controlled credit recoveries, but there had been no response from these unions with the result a proper link between the two sets of marketing societies, could not be established. Thus four cooperative marketing societies continue to have poor business operations, and were working at loss which could be availed only when both the sets of societies are amalgamated into one.

Problems

The following problems emerge from the above that there is :-

- (1) Need of Effective internal supervision and building up of better managerial cadre for the marketing and processing societies;
- (2) Need of quick decision on the part of Government to recognise Cane Unions as proper marketing societies in the Cane areas and to amalgamate existing marketing societies with them to avoid duplication of effort on the part of two sets of societies. This problem is not regional in character but applies to 22 Cane Districts of U.P. and its solution brooks no delay if the cooperative marketing societies in such areas have to function as viable units.

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A REVIEW OF  
**CO-OPERATIVE MARKETING IN**  
UTTAR PRADESH

For  
*National Seminar on*  
**AGRICULTURAL CO-OPERATIVE MARKETING POONA**  
OCT. 8TH TO 20TH 1973



***D. C. Agarwal***





U.P. CO-OPERATIVE FEDERATION LIMITED.,  
6-CAPPER ROAD,  
LUCKNOW.

COMPOSITION.

The U.P. Co-operative Federation an Apex Organization of Agricultural Marketing is a Federation Unit of 52 District Co-operative Federations, 185 Co-operative Marketing Societies with a Share participation of the State Govt.

ORGANIZATIONAL SET-UP.

The organizational composition comprises of General Body constituted by the representatives of member institutions which elects 13 members to Board of Directors subject to a limit of not more than two Directors from the Revenue Division and the State Government is represented by two nominees on its Board of Directors. The President and Vice President are elected by the Board which constitutes an Executive Committee and Sub-Committees for the conduct of Federation's business. The Secretary is appointed from amongst the departmental Deputy Registrars by the Board in concurrence of the State Government who is assisted by Joint Secretaries (at present four), Executive Engineer, Marketing and other sectional Officers at the Head Office. For Business operations in the field there are Regional Officers, Branch Managers and District Superintendents. The Regional Officers are stationed in each Revenue Division while the Branch Managers are stationed at Delhi, Bombay, Calcutta Dhanbad, Agra and Kanpur besides other Managers at the following under-takings:..

- (1) Vegetable Industries Complex, Badaun.
- (2) P.C.F. Press, Lucknow.
- (3) Cold Storage, Farrukhabad.
- (4) Drugs Factory, Ranikhet.
- (5) Resin & Turpentine Factory, Haldwani.

OBJECTS:

The objectives of the Federation are all embracing to develop a firm Agro-Industrial base in the rural areas by serving the farm producers & Consumers effectively through a net work of Co-operatives. The Chief aims enumerated hereunder are an attempt to further the idea of Co-operative Common Wealth at the grass root level to benefit the agricultural peasantry at their door steps with a

view to making democratic socialism a way of life.

1. Marketing and Processing of Agricultural Produce.
2. Marketing of Agricultural Production requisites such as Seed, Fertilizer, Agricultural implements.
3. Distribution of necessaries of life to consumers regarding Cloth, Building Materials, Sugar, Salt, Kerosene and manufacture of Drugs, Vegetable Oil, Rosin, and Turpentine, grading of ghee & storage of potato.
4. Development and construction of godowns.
5. Promotion, guidance and assessment of the marketing work of member Co-operative marketing Societies.

INFRA  
STRUCTURE.

In the attempt of accomplishing the above objectives the Federation has ever been engaged in activities capable of meeting the requirements of the farmers as producer as well as consumer which is more than manifest from the following:

In the beginning with a Share Capital of Rs. 13,600/- during the War time and Post War period the Federation undertook various business like that of Kerosene Oil, Salt (1944-48), Yarn, Vegetable Oil, Agricultural Implements, Charcoal, Fuel (1945-46), Distribution of Oil Cakes, Floor/Sugar, (1943-48) Tea (1951), Stockist of Cement (1943-53), Typewriters (1948-53), Radios (1952-56), Supply of Coal for brick Kilns for cheaper housing and importer of cloth in 1943-52. A fleet of Motor Trucks were also commissioned for transporting commodities handled by the Federation and other Co-operative Societies all with a view to giving it a stronger foothold capable of bearing the future edifice of dimensional proportions. The contribution made by the Federation during the chilly days of War when the country was enveloped with mighty upheavals causing economic repercussions like exploitations arising out of controls, scarcity, widespread panic and profiteering etc. was by no means small yet some of these activities had to be wound up due to competition, slump and decontrol etc. witnessed as after effects of War and the recommendations of Reserve Bank of India.

The Federation thereafter concentrated on the supplies of agricultural inputs like that of Fertilizers, seed and

Marketing of Agricultural produce. In 1953 the State Govt. appointed the Federation as its agent for distribution of Ammonium Sulphate in U.P. The Federation in its turn organized the distribution work through a net work of District Co-operative Federations and Block Unions and made a modest beginning with the distribution of a meagre quantity of 2,800 tonnes in the year 1952-53. The Federation with the assistance of field staff of Planning, Agriculture & Cooperative Departments undertook the work of extensive demonstration in uses of Chemical fertilizer like Urea and Ammonium Sulphate. The number of sale points which were 1,300 in the initial stages rose to 2,500 through which the quantum of fertilizer handling increased from 2,000 tonnes in 1952-53 to 1,99,992 tonnes in 1967-68 and that of seed distribution increased from 10.28 mds in the year 1948-49 to 93,000 M.T. in the year 1967-68 while the marketing of agricultural produce increased from Rs. 0.06 Crores in the year 1957-58 to 3.42 Crores in the year 1967-68.

during A birds eye view of the strides taken by the Federation/Nascence to its adolescence can be had from the foregoing figures pertaining to Share Contribution, the business handled and the owned funds:-

Year	Share Capital (in Lakh rupees)	owned funds	Working Capital ( in crore Rupees).	Business turnover
1942-43	0.13	-	0.007	0.30
1952-53	11.64	40.84	3.85	4.26
1962-65	33.42	183.00	4.19	9.23
<b>PRESENT FINANCIAL POSITION.</b>				
1970-71	37.14	405.36	13.61	39.47
1971-72	43.14	410.36	12.00	50.00
1972-73	53.50	420.80	20.00	80.00

#### AGRICULTURAL MARKETING.

Eversince the organization of Cooperative Marketing Societies in the State as a sequel to the recommendations of Committee on Rural Credit Survey, the U.P. Cooperative Fed has been helping the Co-operative Marketing Societies in their Marketing activities. Primarily it came to the rescue of such marketing Societies, which were faced with the opposition or were otherwise experiencing any difficulty in the dis-posal of their stocks. Secondarily it assisted

them by acting as Pucca Arhatia and conducting the business in partnership with them. The salient features of terms of partnership are as under:-

- (a) The Marketing Societies and P.C.F. invest funds in the ratio of 25 : 75.
- (b) Distribution of Profits and Loss between the Marketing Societies and the P.C.F. in the ratio of 50 : 50.
- (c) Interest on investment @ 9 per cent.

DISPOSAL OF SOCIETIES PRODUCE ON CONSIGNMENT

The Federation assists the societies in the disposal of their produce on consignment basis by advancing funds to the tune of 75 per-cent of the value for consignment to the Society against receipts of R.R. or consignment. The stocks are sold in the account of the Society on 1 per cent P.C.F. service charges. Nine per cent interest is charged on the funds advanced to the society against consignment.

MAXIMUM INVOLVEMENT OF MARKETING SOCIETIES IN PURCHASES.

The purchases of Agricultural Produce are undertaken by the P.C.F. in the accounts of:-

1. P.C.F. itself.
2. Consumer's stores and their Federation of this State and ex. States.
3. National Agricultural Cooperative Marketing Federation Ltd., New Delhi.
4. Various State Governments and
5. National consumers Cooperative Federation and
6. Under the Price Support scheme for the Food Corporation of India or the State Government.

In all the above purchases the Cooperative Marketing Societies are actively involved. In case, the required quantity of agricultural produce is not coming to the concerned marketing Society, the purchases are made from growers bringing produce to other Kachha Arhatias in the Mandi through Marketing Societies for which 25 paise per cent commission is paid over and above the expenses as per market practice including Kachha Arhatias' Commission.

HELP IN UTILIZATION OF UNUTILIZED CASH CREDIT LIMIT OF MARKETING SOCIETIES.

The P.C.F. has also been assisting the Marketing Societies in the utilization of their allocated limit of

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Societies in the utilisation of their pledge limit of the Bank if the societies find themselves deficient in utilising it in full. In such cases the Federation purchases the agricultural produce in its own account through the concerned marketing societies by advancing them 25% funds required for the purchases. The entire produce purchased under the scheme is pledged to the concerned marketing societies for being onward pledged with the Bank to get the balance 75 per-cent funds from the Bank.

DISPOSAL OF STOCK BY THE SOCIETIES ON CONSIGNMENT.

The Federation in order to help the Marketing Societies of consuming areas of the State arranges disposal of its stock through them. The societies are paid commission as per market practice there. The sale proceeds are remitted to the P.C.F. by the Societies after the consignment has been disposed of.

HELP TO SOCIETIES IN RUNNING PROCESSING UNITS.

The Federation has specially helped the Co-operative Marketing Societies running Dal and Paddy Processing Units. The processing of Dal and paddy has been undertaken by Processing societies on Labour charges from the P.C.F. Needless to add that all the requirement of rice of the Consumers' Stores in the past, when the prices of rice were exorbitantly high in the open market, were met by the P.C.F. by getting the rice milled in the Co-operative Processing Units and selling the same to the consumers Stores only on 1 per cent margin. The activity not only enabled the Consumers' Stores to sell rice to the consumers on cheaper rates than those prevailing then in the market, but also gave sufficient business to the processing units which worked almost to their full capacity during the period of processing season. A definite agreement was entered into with the concerned Co-operative Marketing Societies. The quantity of paddy processed under the above arrangement was about 50,000 M.T. Per year. But the work of paddy processing could not go up owing to imposition of levy uniformly on the Cooperatives and the private trade. The levy placed the private trade in an advantageous position and the Cooperatives had to face keen competition and limit its processing work.

The P.C.F. is also running Dal Units in Joint

Contd...6...

venture with the Marketing societies on almost similar terms. Cooperative Dal Mills are also being run on lease rent as well as on labour charges basis. The Societies being helped in this way are Chirgaon, Kalpi Rath, Bareilly, Rampur, Budaun. The Federation also helps Dal Units in the disposal of their processed goods.

The Groundnut processing Units are being utilised to the maximum extent for supply of decorticated groundnuts and oilcakes to our Vegetable Oil Complex at Bitrola.

HELP IN FINANCIAL MATTERS.

The Societies are assisted in getting finances from the District Cooperative Bank and also from the State Bank of India.

DISSEMINATION OF MKG. INTELLIGENCE.

The Federation is running about 40 Marketing Centres for Commercial Marketing in the State and has also its branches at Calcutta, Bombay, and Delhi wherefrom rates of Lil Seeds, Millets, pulses and foodgrains are adily received by the Federation telegraphically which are circularised to the various marketing Societies of the State and to Apex Marketing Societies of other States Consumers Federation as also to the NAFED and NCCF. A bulletin giving weekly comments on the market is also issued.

REVITALIZATION OF SOCIETIES.

The Societies are advised to take up various other activities to revitalise themselves e.g., distribution of Consumer's goods, distribution of fertilizers, Cloth and Cement etc. It is also proposed to distribute other essential commodities like vegetable, Oil, sugar etc., through societies on commission basis and to utilise the paddy processing Units consequent to implementation of rice take over when implemented by the Government.

MARKETING ACTIVITIES.

The following statement gives various types of marketing of agricultural produce undertaken by the P.C.F. During past five years as also the value of each:-

Types of Business	1968-69	1969-70	1970-71	1971-72	1972-73
	Rupees		in		Lacs.
1. Outright purchases.	135.45	157.33	151.81	122.70	130.00
2. Inter-State Trade.	59.63	76.10	30.91	58.85	60.10
3. Export Trade (through NAFED)	69.15	184.55	22.95	25.06	50.50
4. On Commission basis (including wheat procurement)	402.30	398.64	1375.58	2615.39	3500.00
	666.53	876.62	1581.25	2822.00	3740.60.

1. Outright Purchases:

The P.C.F. purchases agricultural commodities like gram, Barley, oilseeds, paddy, maize, bajra, and pulses in its own account through its 40 purchases centres. The Centre Incharges are asked to purchase the commodities gradually during the season on the best prevailing rates daily and to communicate the purchases by wire and purchases are stopped when rates are unfavourable for being resumed on favourable rates. The Superintendent/Incharges are instructed to dispose of the produce so purchased in their account whether locally or in other market on the basis of the market intelligence received from various sources. Disposals alongwith rates are communicated by the Centres telegraphically.

2. Inter-State Trade:

The sale of Federation's outright purchases as also purchases in the account of other ex-state buyers to boost up inter-state trader. The purchases in the account of other buyers are made on usual terms and conditions approved by the Board of Directors. Supplies of coarse grains like Jowar, Bajra, Maize to Goa, Maharashtra, Mysore, Gujrat on commission basis were intensified particularly in 1973. due to draught conditions obtaining there. Inter-state in Kharif coarse grain was undertaken on a large scale, but due to rising prices in U.P. the State Government enforced a ban on movement outside the State, which hampered the Cooperative supplies of foodgrain to other states.

3. Export trade:

Export trade is undertaken by the P.C.F. through NAFED on the following basis.

- i) In Joint Venture with the NAFED.
- ii) In its own account by paying commission @ 2% to the NAFED.
- iii) By purchasing the requirement of NAFED for export purposes on commission basis.

However, the NAFED have changed the Policy and purchased the requirement only on commission basis.

4. Supply of San-hemp.

The Federation has been successful in establishing contact with the Mills for the supply of sann-hemp.

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The ~~Sann~~-hemp valuing about Rs. 6 Lakhs annually is purchased from various Marketing Societies situated in the ~~Sann~~-hemp area of the State whence it is sent to the balling and grading centres of the P.C.F. at Sheopur Varanasi which undertakes the supplies of Agmark Bales to the Mills.

WHEAT PRO-  
CUREMENT.

The State of Uttar Pradesh grows wheat on 6400 hecteres about 6% of the total acreage under cultivation and the estimated annual wheat production is around 75000 M.T. having a marketable surplus. In the year 1969-70 wheat procurement under price support scheme was launched with the participation of the Federation alongwith Food Corporation of India. During 1972-73 the State Government also joined and initiated a Scheme for the purchases of wheat direct from the farmers, eliminating the agency of Middleman. Total purchases during 1972 by all the three agencies were 8.42 lac M.T. as against the target of 18 lac M.T. During 1973-74 a new All India Policy in the form of Wholesale trading in Wheat was evolved denying the private whlesalers to operate in the market. The Federation opened additional purchase points apart from utilising seed stores and Cooperative Marketing Societies.

TARGET OF  
PROCUREMENT  
AND TOTAL  
PURCHASES IN  
THE STATE.

A brief resume of Monopoly procurement scheme is narrated hereunder:-

In U.P. 18 Lakh M.T Wheat was to be purchased under the Scheme and each agency had to purchase 6 Lakh M.T. This target was later revised to 12 Lakh M.T. Targets for each division in U.P. were fixed and the regionwise break-up is as under:-

Name of the Region.	Target	Procurement till 10-9-1973.
1. Meerut.	1,95,850	1,65,575
2. Agra.	1,32,600	88,906
3. Bareilly.	80,300	63,381
4. Moradabad.	68,150	40,129
5. Allahabad.	24,500	10,598
6. Jhansi.	37,350	18,089
7. Varanasi.	9,600	1,346
8. Gorakhpur.	9,850	8,919
9. Lucknow.	30,100	9,504
10. Faizabad.	11,700	6,443
<b>TOTAL ... ..</b>	<b>6,00,000</b>	<b>4,17,350</b>

Out of the total procurement of 4.17 lakh M.T. Wheat was purchased by the P.C.F. of which seed stores purchased 2.19 lakh M.T. and the Marketing Societies purchased 1.98 lakh M.T. The total percentage of procurement comes to about 69% of the original target of which 53% was contributed by the Seed Stores and 17% by the Marketing Societies. The achievement of the P.C.F. was spectacular as compared to the performance of the State Government and F.C.I. as they could purchase only about 3.09 Lakh M.T. and 1.60 lakh M.T. respectively against their targets of 6 Lakhs M.T. each.

PURCHASE CENTRE.

The aforesaid purchases were effected through 1,400 Seed Stores and Block Samities and 185 Marketing Societies at Mandi Level, 48 District Cooperative Federations and 400 Purchase Centres. The Food Corporation and State Government also set up their separate purchase centres. The understanding was that while the Food Corporation and State Government will open centres at Mandi level, the P.C.F. will go down to the villages but due to poor arrivals at Mandi level this could not be adhered to and all the three agencies rushed to villages competing with each other.

AGREEMENT.

The P.C.F. entered into agreement with other Coop. Institutions, desiring to undertake the work. Such agencies are also required to obtain a license under Mandi Act and registration under the Sales Tax Act.

PURCHASE ARRANGEMENT

Each centre is to make advance arrangement for drinking water, parking, sieving, weighment, stencilling, stitching, marketing, insurance against fidelity, burglary and transit.

PRICE FIXATION.

The procurement price to be paid by cheques was fixed from Rs. 70/- to 82/- per quintal depending on the variety of wheat plus Rs. 2/- per quintal as incidentals. The wheat purchased from each cultivator is stocked separately and Dara mixing is not allowed. The category to which it belongs is marked on the bags and is delivered separately to F.C.I. If the wheat is found to be sub-standard then the losses arising therefrom are borne by the concerned Cooperative institution.

To settle the disputes at the F.C.I. Depot, a Committee consisting of representatives of F.C.I., State

and the P.C.F. exists for disposal of matters referred to it by the concerned Depot Incharges of the F.C.I. and the majority decision is binding. If the stocks are not beyond rejection limit, 95% value of the stocks are made by the F.C.I. on receipt of acknowledgements. The balance 5% payment ~~is~~ is made after the decision of the committee. If the stocks are beyond rejection limit the payment are made as per decision of the committee. In case of rejection of stocks, the concerned agency has to blend the stocks with good quality wheat to bring it at par within acceptable limit. In case of serious complaints at a particular centre the District Superintendents and Asstt. Registrars have instructions to suspend the purchases and to punish the guilty under intimation to Head Office. A Percha Kashtkar is issued to every cultivator to ensure correct weighment and quality bearing the details of quality quantity, rate, payment and signatures of the cultivators. The cheque is prepared accordingly, in the very name mentioned in Percha Kashtkar. Wherever the system of cash payment was adopted due to deficient banking facilities, the Percha Kashtkar exhibits the name of the payee. The wheat is weighed with 100 Kg. content in a bag and by placing another empty bag of same type in the beam on the other side.

PAYMENT:

As per movement plan it is the responsibility of the P.C.F. to arrange movement of wheat by trucks to F.C.I. Depot at the rates sanctioned by the District Magistrates.

The Co-operative Marketing Societies and other centres are also allowed to transport wheat as per movement plan in consultation with the District Superintendents. As soon as a truck load has been purchased, the centres have to inform District Superintendents for transport arrangements for delivery to F.C.I. Each District maintains delivery and challan registers and movement slips.

FUNDS FOR PURCHASE.

year The F.C.I. advances funds for wheat purchases. In the 1973 the P.C.F. was given an interest free advance of Rs. 12 Crores in three instalments. The P.C.F. was also required to obtain overdraft of Rs. 3 Crores according to exigencies of purchases in the districts. The Federation remit funds to the District Cooperative Banks in wheat purchase account from which in turn the District Superintendent advance funds to purchase centres as per their indents accompanied by Bills, weight check memos, percha Kashtkar

and acknowledgement receipt.

MEASURES TO  
BOOST PRO-  
CUREMENT.

To ensure effective procurement operations, free movement of wheat was restricted and other administrative measures were taken as hoarding was declared punishable. The scheme of takeover of wholesale trade met with serious challenges as farmers resisting against the procurement price fixed by the Government preferred a Writ Petition in the High Court on a plea that fixation of procurement price of Rs. 72/- 82/- was not commensurate with the cost of production of wheat per acre of Rs. 900-1000/ and also being much less than that prevailing in the market of Rs. 120/- 130/-. The poor arrivals of wheat during May caused much concern to Government and it was apprehended that the procurement target may not be achieved necessitating the Government to resort to import 20 Million tonnes wheat to cater to the needs of the consumers.

BONUS TO  
STAFF.

To step up the suffering pace of wheat procurement, Bonus scheme for the State was also announced on July 14, 1970 under which Rs. 4/- per Qtl. was meant for those who achieve 25 to 50% of the procurement target, Rs. 5/- in case of 50 to 75%, Rs. 7/- in case of 75 to 100% of the target while Rs. 10/- per Qtl. if it exceeds the targets and the amount of Bonus will be reckoned on the achievement as on 15th July, 1973. The States will be free to pass on the benefit to farmers in the matter they like for increasing production.

INCENTIVES TO  
FARMERS.

Various facilities and incentives to farmers in U.P. were introduced besides Bonus.

- i) Mandi samities or PCF provided sheds drinking water both for the farmers and their bullocks and services for cleaning the stocks at the purchase points.
- ii) Purchase centres were opened in rural areas at the nearest possible point from village to facilities the farmers.
- iii) The State Government in U.P. also allowed the following concessions to the farmers selling their wheat at the purchase centres.
  - a. Transport charges at the flat rate of Rs. 2/- per quintal in addition to price of wheat.
  - b. Exemption from Mandi charges of 50 paise per Rs. 100/- which under the Act was obligatory to be paid by the farmers.
  - c. Unloading of stocks from the Carts and their

cleaning was done by the labour of purchasing agencies in lieu of the farmers.

- d. Reimbursement of octroi and ferry charges incurred by farmers in bringing wheat to the centres.

COMPARATIVE PERFORMANCE.

Even in hostile atmosphere, the agricultural cooperatives played a significant role. The U.P. Cooperative Federation occupies position next to Punjab. It cannot be denied that but for the cooperative achievement would have been still less and the Government would have faced a more challenging situation. The performance of the Cooperatives is evident from the following comparative figures relating to purchases made by the F.C.I. State Food Deptt. and the State Federation in wheat producing states as on 2nd July, 1973.

States	Food Corporation.		State Govt.		State Fedns.	
	Target	Achievement	Target	Achievement	Target	Achievement
Punjab	9.0	6.6	15	12.6	9.0	6.1
U.P.	6.0	1.6	6.0	2.1	6.0	4.2
Haryana	3.25	1.3	6.0	2.7	3.75	1.75

The States of Bihar, Assam and Orissa in the three agencies taken together could not purchase more than one lac, two thousand and two hundred tonnes respectively till first week of July, 1973.

REASONS FOR SUCCESS.

The chief factors leading to success of the PCF and its cooperatives in general and P.C.F. in particular are as follows:-

1. The non-official cooperators activated the farmers to sell their wheat to purchase centres.
2. Cooperatives established purchase centres in the interior villages and did not restrict their operations only to convenient places.

LIAISON WORK

Setting up of Control Room under the charge of Liaison officer at the headquarters for liaison with State Food Departments and F.C.I. and for solving day-to-day difficulties regarding prompt remittance stationery, beam balances, tarpaulins, payment from FCI overdrafts, creating competitions by reporting performance of neighbouring districts and achievement of other agencies.

ADDITIONAL  
INCENTIVES TO  
FARMERS AND  
EMPLOYEES IN  
U.P. viz.

- (a) Urea 50 Kg. for every 5 quintal of wheat brought by farmers or a letter to get fertilizer at a later date.
- (b) Supply of vegetable oil to farmers who delivered wheat to cooperatives.
- (c) P.C.F. enhanced the incentive bonus from 15 paise to 20 paise to supervisors and from 5 paise to 8 paise to Kamdars on purchases made after 15th July 1973.
- (d) Members of Cooperative Societies also showed their loyalty towards their institutions. In U.P. some of the members explained to farmers that they offered seed and cloth to farmers and served them throughout the year as against F.C.I. and Food Department.
- (e) The Registrar, Cooperative Societies and Departmental Officers at district and divisional level the Federation's Chairman, Directors, Secretary and Officers in the field geared up the entire procurement machinery which made the staff to work with all enthusiasm, zeal and dedication, in a missionary spirit.

FUTURE PLAN.

The future procurement plan of wheat and paddy depends upon the policy of the Government and F.C.I. The Ad-hoc basis and the administrative convenience which has been the practice with the Government has to give place to formulating a definite long term plan without vacillating attitude. In case all the three agencies are to continue operations in the market separate areas should be demarcated. An ideal situation would be where cooperatives make purchases, the F.C.I. arranges storages, payment and supply and the Government supervise both storage and purchases and serve in emergency of strikes work only to assess demands, pass administrative orders and prosecute the anti-social elements. The Cooperatives should also share the responsibility of building up an effective distribution system of ensuring supply to each individual in the society at a reasonable price. In the absence of long term policy, and structure of distribution trade, consumer is the worst sufferer. The existing cooperative societies, service and marketing cooperatives in rural areas and consumers cooperatives in urban areas should be accented as agencies to supply foodgrains to consumers and fair price shops allotted to it to let monopoly purchase succeed to last and serve the people.

As per decision at the level of the Government of India, the takeover of rice trade has been optional for the States. But according to the targets fixed for each state (2 Lakh M.T. for U.P.) the Cooperative should

also be assigned an important role in order to check hoarding, smuggling and profiteering. In the beginning it is envisaged to procure 5 million tonnes of marketable surplus out of the total estimated production of 40 Millions tonnes in the country. The procurement price has been fixed at Rs. 63/- per quintal of paddy. The success of the plan will however depend on various measures for dealing with anti-social elements.

SUPPLY OF AGRICULTURAL INPUTS

Now the Federation having been assigned a role in supplying agricultural inputs to the State peasantry for augmenting agricultural production, the Cooperatives have been entrusted with the responsibility of supplying 32 percent of the fertilizer target for the State, for which three tier system of distribution has been adopted namely:-

1. U.P. Cooperative Federation as Wholesaler at State level.
2. District Cooperative Federations or Branches of U.P. Cooperative Federation as Sub-wholesalers at the district level.
3. Block Unions/Large Size Cooperative Societies/Viable Service Cooperative Societies/Cooperative Marketing Societies as retailers at Mandi Block and Village level.

FERTILIZER DISTRIBUTION.

The U.P. Cooperative Federation procures fertilizers from the Pool and various indigenous manufacturers at the State Level and arranges its despatches to the districts keeping in view the requirement of each district based on their past consumption vis-a-vis targets fixed. In the districts, the branches of the U.P. Cooperative Federation and District Cooperative Federation carry on Wholesale business, and arrange supply of fertilizers on consignment-cum-credit basis to the sale points, Block Unions/L.S.S./Cooperative Marketing Societies who act as retailers. The Federation has established its Buffer godowns at all the district headquarters and at few important mandies. District Cooperative Federations at district level and Block Unions/L.S.S./Viable service Cooperative Societies/Co-operative Marketing Societies at village or Mandi level carry on distribution of fertilizers.

SECURITY.

District Cooperative Federations desiring to carry on wholesale trade have to furnish a Cash Security

of Rs. 50,000/- and retailers have to furnish a security of Rs. 4,000/- while both have to execute a prescribed agreement.

On the basis of the despatch instructions issued by the P.C.F. to the suppliers, stocks are despatched directly to the districts where prompt delivery is arranged by the District Branches who maintain Buffer stocks. The wholesalers and retail sale points draw supplies issued from P.C.F. buffer godowns. The Fertilizers are made available by the sale point to the members against Cooperative Credit on issue of B. Component cheques by the Society.

The Federation advances stocks to retailer Cooperatives on consignment basis for first 30 days and after expiry of consignment period on credit in respect of stocks lying unsold with retail sale points under consignment-cum-credit pattern.

Of late the problem of scientific godowning facilities having become exacting, the P.C.F. in the year 1972 launched a programme of construction of 4 lakh tonnes of storage capacity with an estimated financial outlay of Rs. 6.25 Crores of which 29 godowns of 1 lakh M.T. capacity has already been constructed while construction work on ten such godowns for the current year of the Second phase against 1.20 lac M.T. capacity also in progress.

HANDLINGS:

The volume of fertilizers distribution by the Cooperatives during the years 1971-72 and 1972-73 given here-under indicate spectacular increase which puts an emblem on the Federation's successful modus operandi in popularising different varieties of fertilizers so much so that the supplies thereof either from Central Pool or indigenous manufacturers are not keeping pace to ensure smooth flow of fertilizers to the consumers.

<u>YEAR.</u>	<u>N</u>	<u>P</u>	<u>K.</u>
1971-72	58,904	22,868	12,787
1972-73	79,750	27,139	15,603

The targets for cooperative sector during 1973-74 for distribution of fertilizers as prescribed by the Agricultural production Commissioner for furthering agricul-



tural production during Rabi and Kharif are 1,56 lac M.T. of Nitrogenous nutrients, 0.348 lac M.T. OF Phosphatic and 0.24 lac M.T. of Potasic nutrients values about Rs. 46 Crores for which the Federation is fully capable. The Federation is, however, confronted with the problem of procuring the requisite quantum of fertilizers, since fertilizers worth Rs. 9 Crores could only be made available so far during the year which is bound to effect the produce adversely. With the current acute shortage of Nitrogenous fertilizers, it may not be possible to cater to the needs of cultivators for the ensuing Rabi Crop, unless the supplies from different sources are geared up considerably by the Union Minister of Agriculture on priority, lest the Rabi production be adversely affected and the next wheat procurement may get a serious setback.

Cooperative  
Credit

The P.C.F.'s fertilizer distribution being closely lined with the cooperative credit structure, any bottleneck in the smooth flow of cooperative credit promptly reflects adversely on the fertilizer sales as well as on the realization of sale proceeds and naturally all safeguards have to be kept in view.

Master Plan.

The State has already drawn a master plan to strengthen the cooperative credit movement for which a new drive of cent percent enrolment of membership has been launched as a result of which the number of cooperative fertilizer sale points are expected to be raised to 3,500 from 2,500 by the end of Fifth Plan. Presently fertilizers worth Rs. 24 Crores are being distributed by retail sale points which quantum is envisaged to be increased to Rs. 75 Crores during the Fifth Plan period and to acquite creditably the Federation will be required to arm itself in a manner capable of shouldering even such a heavy financial involvement.

MARGIN DIS-  
TRIBUTION.

As regards the pattern of distribution of margin the Federation undertakes the entire responsibility of distribution of fertilizers to Cooperatives including the requisite financial arrangements. District Buffer godowns of P.C.F. or the District Cooperative Federations takes delivery of consignments from Railway stations, transport to godowns, arrange godowning, storage and delivery of

stocks to sale points at their godowns on their demand for which functions the Federation retains only Rs. 36.09 out of the total margin of Rs. 55/- which includes:-

1.	Interest @ 6½% for 4 months!	Rs. 14.89
2.	Commission of the Apex. Federation	Rs. 2.00
3.	Shortage suspense.	Rs. 2.29
4.	Advertisement & Publicity.	Rs. 2.25
5.	Transport Poll	Rs. 10.00
6.	Extra freight for local transport and godowns rent.	Rs. 6.66
	Total ... ..	<u>Rs. 36.09</u>

The district branches of the P.C.F. or the Distt. cooperative Federations performing these functions as district wholesaler get Rs. 10.15 comprising of:-

i)	Commission.	Rs. 4.00
ii)	Handling charges.	Rs. 6.15
	Total ... ..	<u>Rs. 10.15</u>

RETAILERS  
COMMISSION.

The retail sale points conduct sale of stocks, collect component 'B' cheques and deposit them with the Cooperative Banks in the account of U.P. Cooperative Bank to the Credit of U.P. Cooperative Federation and get only Rs. 8.76 per tonnes for these services.

INADEQUATE  
DISTRIBUTION  
MARGIN.

The overall distribution margins at present in-force are not adequate in the context of increase in cost of transport, godown rent, tenure of storage and rate of interest, since the average transport cost incurred by the Federation comes to Rs. 15/- per tonne against a provision of Rs. 10/- and the average godown rent paid comes to Rs. 1.20 per tonne per month as against the provision of 80 paise only. In the margins, provisions of interest @ 6½% for 4 months is far less than that being charged by the Banks @ 9% and naturally the burden of these additional charges has made the fertilizer distribution business unattractive and it has now become difficult for the Federation to carry on the work hardly at par.

DISTRIBUTION  
OF SEED.

Eversince the responsibility of seed distribution having devolved on the Federation it has been actively engaged in multiplying High Yielding Variety seed year after year in contributing its mite in augmenting state's agricultural production. The Federation's seed stores

Contd...18...

formed a nucleus of Block Unions comprising of 15 or more multipurpose societies.

In 72-73 the total distribution of Seed through Cooperatives was of the order of Rs. 7.50 Crores. Being alive to seed storage problem, the Federation with the assistance of the State Government provide 836 pucca seed Stores for scientific godowning though of late with the advent of which procurement through seed stores the need of storage has considerably multiplied and the Federation has already undertaken the work of constructing godowns to combat the storage dearth. The goodwill of seed stores have furthered in view of their handling latest H.V.P. Seeds multiplied by U.P. Agricultural University as against distribution of old varieties in the past and in that context the Federation is expected to distribute double the quantity of the current year.

MINOR  
IRRIGATION  
SCHEME.

In an attempt to accelerating food production in the State, the Federation started supplementing the supplies of minor irrigation equipment of the order of about 1,500 Oil Engines and Pumping Sets, 147 Washer Rehats with their accessories on a total investment of about Rs. 24 lakh. It also imported 70 Yanmar Power Tillers valuing Rs. 7 lakhs from Japan. The scheme of Minor Irrigation equipments distribution for the benefit of the small farmers was subsequently taken over by the local land Development Bank.

MARKETING OF CONSUMER ESSENTIALS.

DISTRIBUTION  
OF CONTROLLED  
CLOTH.

The U.P. Cooperative Federation as a Sole Nominee of the State Government have undertaken distribution of controlled cloth throughout the State since November, 1972 under a Scheme of Government of India to ensure the availability of Coarse Cloth to poverty stricken and weaker sections of the society.

The Controlled Cloth comprising of Prints, Shirt-ing, Longcloth, Markeen, Drill, Dhoti and Sarees is being distributed through nearly 2,000 cooperative retail points (497 urban and 1,493 rural points). Controlled cloth being cheaper is in great demand and the Cooperatives are rendering yeomen service to the masses by ensuring easy availability in the rural areas, and have thereby gained considerable popularity.

RETAIL PRICE.

The retail price of cloth is worked out by adding 12½% over the ex.mill price plus excise duty and Octroi whereas prior to implementation of this scheme, twenty percent used to be added by the private trade. The average supply of cloth till May 1973 was 3,500 bales while supplies from June onward increased four fold on the basis of State's population and demand. In the conduct of controlled cloth sales in U.P., the Federation has not only invested over a crore of rupees, but has also extended employment to many an educated youths in running this business. Controlled cloth to all the districts is despatched by goods train and 2% freight charges are added in the bill and actual freight charges are deducted from the bill, as cloth sent through goods train reaches the destination in about 6 weeks, and occasional suspension of railway bookings, the consignments had to be moved through trucks in which even the P.C.F. bears the difference between truck charges and railway freight over and above the prescribed limit of 2% in meeting about 5% as freight. In view of only 12½% margin allowed over the mill rates to work out the retail rates, the average charges of 5% are very much higher. In order to obviate the difficulties, to reduce the financial involvement and avoiding transit delays, the P.C.F. is gradually switching over to goods transport which costs lesser and speeds better.

The State Bank of India has sanctioned Cash Credit Limit of Rs.2 Crores for cloth business. Registrar, Coop. Societies has also allowed utilisation of Rs. 5,000/- by each P.C.F. seed store for cloth distribution in rural areas. About 800 seed stores have availed this facility. Total allotment variety-wise since beginning upto August 1973 is as under:

<u>Dhoti</u>	<u>Saree</u>	<u>Shirting</u>	<u>L.Cloth</u>	<u>Drill</u>	<u>Total</u>
4448	2260	14492	30053	190	55443

Controlled cloth is being distributed on Ration Cards and on Authority slips of Gram Pradhans in Rural areas at the rate of 10 Metres per family in a month having income of not more than Rs. 500/- p.m. So far 8.62 Crore metre (57,453 bales) Cloth valuing about Rs.10 Crores has been made available for distribution. The present average monthly quota of U.P. is about one sixth

of its actual requirement for distribution to about 45 lac families each month. The Federation together with cooperative department and the State Government are greatly concerned in getting the existing quota increased.

Coal.

In the year 1952-53 adequate supplies of bricks for better housing in rural areas and construction of tube-wells having become scarce the Federation enunciated a programme of ensuring a regular flow of brick kilns sponsored by Lower level units. Ever since thereafter the work of coal supplies continued multiplying not only in quantum but also in various spheres like that of soft coke for domestic uses and coal to power houses, Government cement Factory Churk, Indian Turpentine & Rosin Factory etc..

In the year 1971-72, it was planned to arrange supplies of 40,000 M.T. Coal as per demand of the Distt. Cooperative Federations and other institutions but due to shortage of rail wagons only 22, 130 M.T. coal valuing about Rs. 8 lacs could be supplied.

Before 1971-72, the P.C.F. had been receiving priority at the hands of the Coal Controller in handling entire C.D.P. and G.M.F. quota coal exclusively but during 1971-72 despite all out efforts no priority could be had, however, alternatively P.C.F. was required to get itself nominated as Coal agent at par with Private Trade for allotment of coal for each district on the recommendation of District Magistrate. Accordingly, all District branches of P.C.F. got themselves nominated as agents for the districts even then the business handled was negligible.

In the year 1972-73 too the Federation did not receive any priority dislocating the supplies of coal loading to acute shortage in the State. The Government has now drawn up a new scheme by giving priority to B.R.K. to R.C.Rake under which programme the District Superintendents shall be the consignees for which a G.O. was sent to all District Magistrates and thereafter as per their nominations, the Director, Movement made recommendation in favour of Gorakhpur, Etawah, Basti, Rampur and Ballia which programme if fully implemented would have eased the position. However, immediately thereafter the coal mines were nationalised and 266 wagons or 21687 M.T.

coal valuing Rs. 6,71,145/- could be despatched to different destinations where these supplies were sold for Rs. 8,71,145.77. Consequent upon nationalization of coal mines in February, 1973, the Federation will not receive any commission from any coal mines but in the alternative a Bank guarantee is to be furnished for the movement of coal and the relative RR has to be retired on cash payment. The National Coal Development Corporation has, however, extended 30 days consignment limit.

The availability of wagons vis-a-vis movement position of coal has all the more worsened and the bottlenecks are becoming difficult to be combated even after all out efforts which position if continues longer the state would suffer adversely.

### G.C. SHEETS.

The P.C.F. undertook the business of distribution of G.C. Sheets in 54 districts of the State on a commission of Rs. 50/- per tonne. The indents of the P.C.F. after recommendation of the Iron & Steel Controller, Kanpur to Joint Plant Committee, Calcutta were forwarded for supply to three main steel mills viz: Indian Iron & Steel Co., Tata Iron & Steel Co., and Hindustan Steel Co.

Each company was allotted 18 districts of U.P. In 1972-73 a total of 199-414 M.T. G.C. Sheets were supplied at a cost of Rs. 5.65 lakhs. Indian Iron & Steel Co., has only completed its supply to Jhansi, Hamirour, Rae Bareilly, Jalaun, Unnao, and Jaunpur so far. Hindustan steel has yet to supply to 14 out of 18 districts as per allocations while Tata Iron & Steel Co. has not even commenced its supplies.

The Government has however, not yet evolved a definite long term policy to keep the business in the hands of the Cooperatives.

### COOPERATIVE PROCESSING.

#### 1. Groundnut at 'VINCO'.

The management of the P.C.F. has been alive to the cause of developing processing activities in the State to eradicate poverty and increase employment potential and also to serve the producers. A Vinco Project has been set up at Bitnoi (District Badaun) in first

phase, and the commissioning of ground-nut oil execution work became effective from 10th June, 1970. In the second phase a solvent Extraction Plant has been set up in 1973. This multi-stage and multi-crore project set up with the help of N.C.D.C. plans to set up Hydrogenation plant in the third stage.

### 2. Rosin Business:

The P.C.F. is running a Co-operative Rosin and Terpentine Factory at Haldwani. The P.C.F. lifted 2594 quintal Leesa till 30-6-1973 for processing different grades of rosin and terpentine oil, and processed and sold the following quantity:

Details	Opening Stock	Arrivals	Total	Sales	Bal.
Rosin Gr I	435	555	1040	782	258
Rosin Gr. II	72	135	207	207	-
Rosin Gr. III	53	46	99	-	99
Terpentine Oil	1315	15957	17272	13472	3800

The selling price of rosin Grade I, Grade B II and Terpentine Oil was under:-

- a) Rosin Grade I. Rs. 2.65 per Kg.
- b) Rosin Grade B & II Rs. 2.10 per Kg.
- c) Terpentine Oil 1.18 per Litre Rs. 15.52.

The factory has been facing difficulties in securing the raw leesa allotment from Forest Department. The rate of raw material has also been raised from Rs. 170/- per quintal to Rs. 253.33 per Quintal.

### 3. Coop. Drugs Factory, Ranikhet.

Located in Kumaon Hills district Almora in the Himalaya Region, processes herbs according to Ayurvedic scriptures and markets about 300 items through Cooperative and private agencies. It is also a regular supplier of drugs to Central Government Health Scheme, District Boards, State Pharmacy and Ayurvedic hospital. It has an annual turnover of about 6 lakhs.

### FUTURE PLAN.

The Federation has a plan to set up a Hydrogenation Plant at its 'Vinco' Project and to modernise its Rosin Factory at Haldwani with a view to augmenting the

Federation's projects.

COOPERATIVE  
STORAGE.

1. Construction of Godowns:

With the advent of High Yielding Programme and steep increase in use of agricultural inputs like improved seeds and fertilizers, there has been a marked increase in the Agricultural Production during the past years. As a result of increase in the production of various foodgrains, difficulties have been experienced in the storage of foodgrains throughout the country. Un- timely post-harvest rains further the necessity of such storage accommodation to save the foodgrains from deterioration. The need of proper storage is of added significance to the Federation as the cultivators cannot reap full advantage of their increased production unless proper storage facilities are available for securing optimum price for their produce. Therefore, construction of a chain of godowns for providing storage facilities to the cultivators assumed greater importance to the Federation for proper handling and marketing of agricultural produce particularly when the Federation through its constituent Cooperative marketing societies is being extensively involved by the Food Corporation of India in the procurement of foodgrains and unless provision of added storage of agricultural produce is made right from now it will be difficult to cope with the situation during the coming years.

In an attempt to making available increased storage capacity in the Cooperative Sector, the Federation launched a Scheme of constructing of godowns of 4 lac M.T. capacity with the financial assistance of Agricultural Refinance Corporation. This will enable the marketing societies to store the produce of share cultivator member and ensure better price to the farmers.

STORAGE..  
SET UP.

The Federation has planned to construct additional godowns of 4 lac M.T. capacity at Regional, District and Mandi level as per : break-up:-

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Category of godowns.	Number	Total capacity in Tons	Locations
1-Regional level godown.	10	52,000	One each at Divisional headquarters.
2-Distt. level godowns.	37	1,37,000	One each at Distt. except six hill districts.
3-Mandi level	150	2,11,000	At the headquarters of each marketing society : Mandi level or at its working as assembling centre.

Total:- 4,00,000 M.T.

With the completion of the above programme the additional storage facility of 4 lac M.Ts. would be created in the state. The godowns to be constructed at the Mandi level or at the headquarters of the marketing societies will serve the entire hinterland of the particular marketing society. Amongst every district headquarter is a big consuming area with a suitable mandi for marketing of surplus produce being raised there as well as for supply of such foodgrains which are in short supply there. The District level godowns will, therefore, serve the entire district in the marketing activities. The Regional godowns will act as buffer godowns and serve the entire area in which they are situated. The District and Regional level godowns will also serve the purpose of storing agricultural inputs vital for increasing Agricultural Production. One of these regional godowns will be situated at the terminal markets of the state e.g. Agra, Kanpur & Varanasi etc.

The need for additional storage is also being felt increasingly as the godown space available with the marketing cooperatives at present has not been sufficient for the purpose. They have to hire storage accommodation which is not only costly but also unfit for storing of foodgrains and other agricultural produce of the marketing cooperatives is to the tune of about two lac tonnes which is expected to be increase to over four lac tonnes within three years. The owned storage capacity of the marketing cooperatives is about 30,000 tonnes only. As such the immediate storage requirement to cope with the expected increased handling will be about four lac M.Tonnes. Thus by constructions of these godowns, the storage requirement of marketing societies will be fulfilled to the desired extent.

Originally when the cost of construction was estimated about at Rs 120 per tonne, total expenditure of 4 lac M.T. capacity was Rs 4.80 Crores but now with the change in the estimated cost of construction, the total expenditure on 4 lac M.T. storage will be Rs 6.20 Crores @ Rs 155 per tonne. It is expected that 95% of such godowning accommodation will remain utilised on a rent of 22 paise per quintal per month.

#### 2: -COLD STORAGE FARRUKHABAD.

As a part of the programme of setting up cold storage in the cooperative sector, the P.C.F. in the year 1966 set up a cold storage Farrukhabad with capacity to store about 40,000 quintal potato and has received popular response as it has been filled to capacity during the year 1971-72 and 1972-73. A refrigeration Engineer is being appointed in the promotional cell to render advice to cooperative in repairs, installation and running of cold storage.

#### GENERAL

##### HANDICRAFTS.

The state being faced with the problem of popularising cottage industries products of U.P. outside the State, the Federation established a show room at Bombay and succeeded in promoting Indian traditional art not only in Maharashtra but also in countries abroad. It is one of the best shopping centre of the type with annual sales of over Rs 6 lacs. The show Room ever since its inception has been taking such strides that it carved out an enviable business reputation and enthused other States to follow suit. It also helps as Liaison agent of fertilizer and cloth business besides promoting inter-state agricultural marketing.

##### PRINTING PRESS.

In view of steady expansion of the Co-Operative movement and their growing demand for printed articles of stationary & introduction of cheque system, the press of the Federation has succeeded in maintaining top quality printing at moderate rates. It has a plan to instal off-set printing, Block making, lino and mono composing machines to enable the societies to draw supplies conveniently and quickly. This press was initially established on a cost of Rs 10.21 lakhs and equipments added to it further subsequently made the press its <sup>of</sup> own kind in the cooperative sector.

##### FUTURE PLAN.

The Federation has a plan to set up a photo off-set press and Mono-type composing Units at its Printing Press at Lucknow.

EX-STATE BRANCHES.

The P.C.F. has inter-state branches at New-Delhi, Bombay, Calcutta and Dhanbad. The New Delhi Branch looks after the export, and inter-state marketing of commercial crops with other State Governments and State Federations work as distributor for Yarn on behalf of Bulandshahr Textile Mill. The branches also look after the liaison work of the Federation in Delhi.

i) The Calcutta branch deals mainly in arranging supplies of Steel, Fertilizer, Coal and disposal of Oil Seeds, Oils etc. on outright basis.

ii) The Bombay branch besides running a U.P. Handicrafts Emporium for sale of cottage Industries goods also looking after the Liaison work of Cloth and Fertilizer, and disposal of Agricultural produce.

The activities and future plan of U.P. Cooperative Federation are varied and aimed to cater production requisites to farmers and necessities to consumers at moderate rates, increased employment potential and contribute its mite in the constructive efforts directed towards development and reconstruction of the nation.

The general buoyancy in the Federations economy stimulates the demand for a variety of capital goods for the implementation of around developments by achieving the coveted crore turnover in the ensuring year. Taking the diversified structure of the Federation and considerable capacity that already exists/<sup>into account</sup> there is every reason to believe that its activities will be accelerated appreciably in emerging out as a resurgent force not only in building States economy but also the country as whole.

Summary on the Role of U.P. Cooperative Federation in expanding Cooperative Marketing, Supply of Agricultural inputs, distributing of cloth, Coal etc. and development of processing activities.

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Shri D.C. Agarwal  
UP Cooperative Federation.

Composition

The U.P. Cooperative Federation is an apex organisation of 185 cooperating marketing societies, and 52 district cooperative federations with share participative of state government. It has general body, a board of 13 elected Directors, an Executive Committee and an official as secretary and an elected Director as Chairman. It was founded in 1943.

Objects

1. Marketing of Agricultural produce
2. Supply of fertilisers, seed and implements
3. Distribution of cloth, sugar, salt,
4. Manufacture of Drugs, vegetable oil, Rosin and Terpentine
5. Construction of godowns. storage of potato
6. Promotion and guidance in marketing work to societies
7. Helping societies in processing units.

Financial position

<u>Year</u>	<u>Share</u>	<u>In millions owned funds</u>	<u>working</u>	<u>turnover</u>
1972-73	Rs. 5.3	Rs. 42.0	200.0	Rs. 800.0

Promotional Role

It helps societies by investing funds, sharing losses, disposal of produce on commission and purchases through societies in own account and that of NAFED, various state government NCCF, consumer stores, and for FCI. It helps societies in utilising their unutilised cash credit limit, running processing units, dissemination of market intelligence, revitalising them, and in outright, interstate and export trades besides wheat procurement. In 1973 the federation transacted a marketing business of Rs. 350 million. Marketing of Rice, Barley, Maize, Pulses, Oilseeds, gram etc. are also undertaken.

### Wheat Procurement

U.P. cultivates wheat in 6 million hectares and yields 7.5 million M.T. out of which 1.8 million M.T. was targeted for procurement to be shared equally by FCI, state government and the federation. The federation procured 4.2 million M.T., FCI 1.6 and the government 2.1 million M.T. through seed stores, marketing societies and own centres, numbering 400. Price of Rs. 70 to 82 per qtl. was fixed by the government which was considered low compared to cost of production and prices of other foodgrains. Funds were advanced by FCI to boost procurement, Bonus to staff, and incentives to farmers were given.

### Problems for Seminar

1. Ad-hoc basis in which purchases are made for FCI
2. Low prices of procurement.
3. Separate area was not demarcated for each agency
4. Efficient distribution system through cooperatives lacking.
5. Cost of procurement is high in case of FCI and state govt.
6. Commercial marketing of foodgrains other than wheat which is barely 10% of the marketable supplies to be maximised.

### Supply of agricultural in-puts

The federation supplies 32 per cent of total fertiliser target of the state and works as a wholesaler at state level and retails through Dist. Federations, Block Unions, LSS'S, service Cooperatives, and CMS against security and agreements. Total handling in 1973 was 79,750 M.T. Nitrogen, 27,139 M.T. Phosphatics and 15,603 Potash. Target of 73-74 is 1.56 lakh M.T., .34 lakh M.T. and .24 lakh M.T. <sup>respectively</sup> Master plan envisages to raise membership on cent per cent basis and the sale points to 3500 from 2500 towards the end of the Vth Plan. Present turnover of Rs. 240 million is to be raised to Rs. 750 million.

### Problem

1. Profit margin and supply position from central pool and factories are not adequate.
2. Credit recovery is difficult.

...3/-

Seed..

The federation distributed seed worth Rs. 750 million, through 36 seed stores

Problem

High yielding variety seed in sufficient quantity is not being made available from the U.P. agricultural University.

Cloth

The federation distributed 55443 bales in 1973 to the masses through 2000 cooperative retail points (497 urban and 1493 rural) worth Rs. 10 million.

1. Acute shortage of cloth and low margins.
2. Medium variety of cloth not being supplied by Mills.

Coal

For supply to brick kilns for rural housing and godown construction, the federation supplies coal on demand of DCF'S and other institutions. Turnover in 1971-72 was 22130 M.T. coal, against allotment of 40,000 M.T. In 1972-73 266 wagons or 21605 M.T. coal valuing Rs. 6.71 lakh was sold for Rs. 8.71 lakhs.

Problem

1. Shortage of Rail wagons and absence of priority in allotment of wagons as also the coal by the government.

GC Sheets

In 1972-73, 200 M.T. GC sheets were allotted for 18 districts at a cost of Rs. 5.6. lakhs on a commission of Rs. 50/- per M.T.

Problem

Absence of long term and fair policy and irregular supplies.

Processing

1. Groundnut

The federation has set up a vegetable oil complex at Pitrol at a cost of Rs. 10 million, with the help of ICDC. A solvent Extraction Plant has been setup. Societies are benefitted

by supplying decorticated groundnut.

2. Rosin factors Haldwani

PCF lifted 250 M.T. leesa from forest department till June 1973 for procuring Rosin and Terpentine Oil at a price of Rs. 2533 per M.T.

3. Herbs.

A cooperative Drug Factory at Ranikhet with an annual turnover of Rs. 6 lakhs manufactures ayurvedic drugs of 300 varieties and sells in open market.

Storage

With the assistance of NCDC through ARC, the federation has a plan to construct additional 197 godowns of <sup>4 lakh</sup> ~~40 million~~ M.T. capacity at a cost of Rs. 62 million to be utilised on rent 22 paise per quintal per month. Present storage capacity of societies in U.P. is 30,000 M.T. **only.** The federation has already constructed godowns of <sup>1 lakh</sup> ~~10 million~~ M.T. in the first place.

Problem

1. Non-availability of building materials and building sites in the time.

Cold Storage - Forrukhabad

A cold storage with capacity to store 4000 M.T. Potatoes, was set-up in 1966 which is filled to capacity

Handicrafts

The federation established a Show Room at Bombay for sale of handicrafts in interstate markets and abroad and has an annual turnover of Rs, 6 lakhs.

Printing Press

Established at a cost of Rs. one million at Lucknow, the press caters to printed stationery requirements of all societies. It is proposed to be further modernised.

Ex-state Branches

1. Bombay office looks after the liaison work of cloth and

fertiliser business of the federation and also promotes interstate agricultural marketing.

2. New Delhi office helps in all business particulars<sup>ly</sup> in sale of yarn of Textile Mills, sale of ground-nut oil and agricultural marketing on behalf of state governments and NAFED .
3. Calcutta branch helps in procurement of coal, Ge sheets and in disposal of agricultural produce in Bengal.
4. Dhanbad branch helps in movement of coal from nationalised coal mines.





A REVIEW OF COOPERATIVE MARKETING IN THE  
DISTRICT OF INDORE, MP

By P. B. Pare, Manager,  
Ahilya Cooperative  
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Indore, M.P.

Introduction :

In the context of the topic of the seminar this note includes marketing of foodgrains, fruits and vegetables, dairy products, poultry and eggs etc. together with position of supplies of agricultural inputs and other ancilliary activities undertaken by cooperative marketing societies in the district.

The Term Marketing:

The term marketing is a very wide term and consist of a package of operations required to convey agricultural produce from producer to the ultimate consumer. This includes buying, selling, pooling, assembling, processing, storage and transportation etc. The problem in agricultural marketing are common throughout the country and the district of Indore is not an exception to it. The main problems and difficulties in cooperative marketing have been discussed in my case study note of the society.

Cooperative Marketing of Foodgrains:

The main agricultural crops grown in the district are wheat, gram, potato, jowar, pulses, groundnuts, linseeds and other oil seeds. The area under -

....2/-

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programmes in the area had purchased fruits from the producers

sugarcane is also increasing with the irrigation facilities provided in the area.

There are four cooperative marketing societies in the district engaged in marketing functions including sales of agricultural produce on commission basis, outright purchase of foodgrains and oil seeds etc. One marketing society has a dal mill processing unit of 10 tons capacity.

All the four cooperative marketing societies are having 175 village cooperatives as their members. Thus covering nearly 100 percent of the agricultural credit societies under their fold of membership.

The total number of individual grower members is 1075. The position of share capital and other funds is given below:

	Nos.	Capital
a. Cooperative societies	175	2.30 lakhs
b. Individuals	1075	0.37 "
c. Government		2.17 "
d. Reserve and other funds		0.68 "
e. Working Capital		20.00 "

The society had their total sales and purchase operations as under :

1. Total Purchase including inputs etc.		54.50 lakhs
2. Total sales	"	55.40 "
3. Net Surplus	"	0.43 "

.....3/-

One marketing society at Mhow was revitalised and it has been strengthened to serve to the needs of the cultivator members.

The production in the Dal Mill processing unit has been started and it is milling 10<sub>1</sub> tons of pulses daily.

Storage & Marketing of Potato:

Another important feature of cooperative marketing in the industrially and commercially advanced District of Indore is the establishment of three cold storages of 7000 tons capacity in the cooperative sector. All the three cold storages have been commissioned and providing storage of potato under **retrigerated** conditions. The fourth cold storage in cooperative sector is to be commissioned by February 1974 at Indore proper by the Indore Cooperative Marketing Society.

These three cold storages have got a membership of about 600 individual growers with a share capital of Rs. 3 lakhs. The Government has contributed share capital to the tune of Rs. 3.25 lakhs.

The storage capacity of the cold storages is being utilised upto 80 percent, the gap was created due to commissioning of the third cold storage bit late (after the peak season). The activities of cold storages are generally limited to storage only. No arrangements for cooperative marketing of potato have been yet made.

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programmes in the area had purchased fruits from the producers

Supply of Agricultural Inputs:

All the four cooperative marketing societies are distributing fertilizers, seeds, insecticides and agricultural implements including irrigation pumpsets to the cultivator members. These applies amount nearby to 50 lakhs rupees.

Rau cold storage is also distributing fertilizers and seeds and insecticides to members. A farm guidance scheme has been also started on experimental basis.

Thus the marketing cooperatives in the district of Indore are mainly concerned with the marketing of food grains, oilseeds and pulses only.

State Procurement & Trade planning by federation :

The societies had procured about 28,000 quintals of wheat this year from the state government. If there is a future trade planning by Apex Federations and the NAFED the activities could be started on a broad based programme. Arrangements for marketing of potato and other fruits and vegetables are yet to be made.

Marketing of Milk and other Dairy Products:

Indore is a big city, consuming large quantity of milk daily. Government has established a pasturisation plant here. Partial supply of milk to the plant is done by a chain of milk producers cooperative society through their milk union. Milk union is collecting 5,000 to 6000 litres of milk daily

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Milk union is also distributing ghee processed by the Government plant.

Cooperative Marketing of Poultry and eggs :

Marketing cooperatives in Indore district have not yet taken to marketing of poultry and eggs. Rau cold storage is storing some eggs for the veterinary department.

Future Plans in Marketing and Processing:

In the present context of growing needs of agricultural inputs in a developing economy on the basis of scientific and technological methods, the challenge for arranging and of supplies and services to the needs of cultivator members is ever growing. There is a tremendous task ahead .

In the field of cooperative marketing and distribution of essential articles the consumers . a great task is ahead. The government policies of state procurement and nationalisation of foodgrains trade and distribution of essential articles to consumers require a permanent machinery of a net work of cooperative marketing, village credit and consumers cooperatives.

In Indore District, we, having been aware of the gigantic task ahead, have planned to have a cattle feed unit, an oil mill, a tractor cum service centre

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programmes in the area had purchased fruits from the producers

and a repairs workshop, a sugar mill and a wheat flour mill to cater to the needs of production and also of distribution of goods to the urban and rural consumers. Our proposed tractor cum service centre and repairs workshop will usher in a new era of agricultural mechanisation for the benefit of small cultivators who cannot afford to have heavy agricultural machinery for tilling their small holdings and developing their agriculture business on scientific basis.

We propose to link up the different operations of these different cooperative societies with each other so as to supplement each others activity and work hand in hand for promotion of the cooperative marketing, processing, & supplies activities.

A suitable programme for cooperative education, farm guidance and agricultural extension service is also proposed to be taken up to bring home the new scientific developments and research in agricultural technology to the basic producers to the grass-root worker in the field.

#### Coordination of activities required

If the above plans are executed properly a close coordination of activities between primary and other federal institutions will be established of its own accord.

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Benefit of processing

The proposed processing activities will certainly benefit the cultivator members and he shall share the ultimate profit.

Deduction in marketing cost :

If the whole process of marketing, supplies and processing is cooperativised, the marketing cost will come to the reasonable point and the large percentage (20 to 25%) of "spread" or marketing cost will be reduced to its proper level.

It would be further conducive to elaborate on a few points

1. Role of Government to support Cooperative Marketing activities :

The Government could initiate state trading and provide assured business to the marketing societies but this would not be a proper way to develop cooperative marketing societies. They should have their own trading programme and power to stand on their own legs.

Government, however could continue to support flour prices.

The cooperative marketing can be suitably used by the government in distribution of essential commodities to the consumers in urban as well as rural area.

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programmes in the area had purchased fruits from the producers



2. Coordination of activities between Primary Cooperatives & Federations.

There is no proper coordination of activities between primary cooperatives, and federations. Apex and national federation should execute their purchase operations through primary marketing cooperatives, only and primary through member cultivators only. Similarly, supplies of agricultural inputs, be channelised through federation to primary marketing society.

No marketing through traders be allowed in any case.

3. Causes of high cost of marketing

Marketing is a very wide term involving a number of operations and agencies in the process.

Following reasons are attributed to the high cost of marketing.

- (i) Too many middle men to share the profits.
- (ii) Varieties & bulk of Agricultural produce difficult to handle.
- (iii) Number of sale practices, and unauthorised deductions in the market.
- (iv) High transportation charges
- (v) Lack of means of communication & roads from villages to mandi.
- (vi) Uncertainty of demand & supply.
- (vii) Problems of storage

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(viii) Wholesalers & Retailers margin & commission.

(ix) Lack of grading & pooling arrangement.

(x) Losses due to shortage perishability  
& storage.

If the above operations are taken up by a cooperative marketing society on the basis of an integrated approach marketing cost or the "price spread" between consumers and producer's price can be certainly reduced.

#### 4. Channels of marketing :

Agricultural produce is mainly sold in villages up to 60% to the local trader. Only 40% of the produce comes to the regular markets. The marketing society can open a few purchase points in the area. It has got a broad based trade programme in coordination with higher level institutions.

#### 5. Benefits of processing unit :

The existence of a processing unit in a marketing society is very essential, otherwise the ultimate benefits of processing, storage and of disposal to the ultimate consumers won't reach the Producer.

Processing also ensures an integrated approach to cooperative marketing activities, which are mainly responsible for economic betterment of the grass root producer.

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~~programmes in the area had purchased fruits from the producers~~



## MARKFED AND ITS PROBLEMS

By - Shri A.S. Sodhi.

The Punjab State Cooperative Supply and Marketing Federation Limited (popularly known as MARKFED) is the apex organisation in the cooperative marketing structure. It is registered under the Punjab Cooperative Societies Act. In the structure, there are primary Cooperative Marketing Societies at the mandi level - one situated in each regulated market in the State confederating into District Wholesale Cooperative Marketing Society, one each at the district level. There are 120 Cooperative Marketing Societies, both primary and federal, on the membership of the Federation, including the State Government as one of the members. The total paid share capital of the Markfed, as on 30th June, 1973, was Rs.1,30,47,500 out of which Rs.99,54,500/- were subscribed and paid up by the Punjab Government.

2. The main objective of the Marketing Federation is to patronise and facilitate the working of its affiliated Marketing Societies in the State of Punjab. To achieve this objective, the Markfed is engaged, on a large scale, in :-

- i) marketing of agricultural produce of the farmers, by procurement on behalf of the Government;
- ii) supply and distribution of Chemical fertilizers in the State;
- iii) supply and distribution of insecticides, pesticides, and other plant protection equipment through the marketing societies;
- iv) supply and distribution of improved qualities of seeds;
- v) the provision of storage facilities in the State;
- vi) provision of farm services e.g. harvesting and spraying of crops; and
- vii) to arrange for the processing of agricultural produce so as to enable better return to the farmers.

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programmes in the area had purchased fruits from the producers

3. The Markfed has played a very effective role in bringing about a major break-through in agricultural production in the State of Punjab by coordinating its supply and distribution activities in the field of agricultural inputs with the State plans and programmes of the Agriculture Department. It also participated in a big way in profitable marketing of bumper Rabi yield of cotton crop, acting as agents for the Punjab Government as well as the Cotton Corporation of India. The following figures would reveal the trend of progress made by the Markfed in the field of marketing of agricultural produce, and distribution of agricultural inputs.

(Rs. in lacs)

Year	Marketing of		Distribution of		
	Wheat	Cotton	Fertilizer	Insecticides	Farm machinery
1962-63			341		
1963-64			568		
1964-65			977		
1965-66			903		
1966-67	791		1395		
1967-68	5741		1850		
1968-69	6483		3544	43.73	14.59
1969-70	6908		3492	31.99	19.41
1970-71	6962		3541	16.20	40.11
1971-72	7596	440	4111	90.50	62.17
1972-73		2600	4513	66.60	69.13
(upto February '73)					

Storage arrangements

With the achievement of bumper yields of crops from the use of high yielding varieties, the problem of storage of surplus produce in the State came to light in 1967. Immediate attention was accorded to this problem and Markfed stepped in to build up storage godowns

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in various regulated markets in the State. A project was drawn out for construction of godowns having the capacity of 1.56 lac tonnes in the first phase, which has been developed from time to time in different phases ranging upto the fourth phase of 50,000 tonnes, building a total storage capacity of 4.50 lac tonnes in the cooperative marketing structure under the auspices of the Markfed. The total cost on the storage completed as well as in hand is estimated at Rs.6.23 crores. Financial aid has been availed of for this project from the Agricultural Refinance Corporation through the State Cooperative Bank to the extent of Rs.5.69 crores. The godowns have been built by an engineering cell specially created for this purpose in the Markfed which is handling the entire building activities of the Markfed throughout the State. This cell is headed by a Superintending Engineer of the Building and Roads Branch of the Punjab P.W.D. B & R taken on deputation in this organisation. He is assisted by Assistant Engineers, Sub-Divisional Officers, Sectional Officers and other ancillary staff. As soon as the construction of godowns is completed, the godowns are passed on to the local Cooperative Marketing Societies on loan basis. The recovery is made manually from the societies. These godowns are however retained on hire by the Marketing Federation for storage of agricultural produce and inputs, etc.

#### Farm Services

In the field of provision of farm services, the role of Harvesting Combines has been most outstanding. The popularity of High Yielding crops in the State has created another problem of shortage of farm labour to harvest wheat and paddy crops. To solve this problem, Markfed arranged the import of Harvesting Combines for the harvesting of crops on custom basis. In all, 119 Harvesting Combines are operating under the Markfed at present. A special unit has been created at Ludhiana for operation and management of

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programmes in the area had purchased fruits from the producers

harvesting combines which consists of experienced mechanical engineers, mechanics and operators. These combines have harvested the following quantities of crops in Rabi and Kharif in the past few years :-

Year	Wheat harvested (in acres)	Paddy harvested (in acres)	Revenue earned	
			Wheat	Paddy
1971	29,099	11,129	29,09,892	9,46,055
1972	41,505	17,345	48,85,224	17,19,450
1973	47,548		57,05,520	

After the season is over, the combines are brought at the unit head-quarter at Ludhiana for necessary overhauling to make them fit for use in the next harvesting season. A separate accounts section has been situated at the Unit to pass and account for the transactions relating to the combines on the spot.

Another farm service which has been taken in hand by the Marketing Federation relates to the arrangements of spraying of crops. The Federation has an Agro Aviation Unit consisting of the two helicopters which are passed into service for aerial spray on cotton crops in the cotton belt of Punjab around Ferozepur and Bhatinda Districts. The unit is manned by a Senior technically qualified Aviation Engineer and Pilots. These helicopters have sprayed on cotton and wheat crops and earned revenue as per details given below

Year	State	Crop	Area sprayed	Revenue earned
1971-72	Punjab	Cotton	95,981	9,59,810
	Maharashtra	"	79,540	7,95,400
	M.P.	Wheat Urea	5,000	80,000
	Private	-	196	1,960
1972-73	Punjab	Cotton	87,854	8,78,540
	Punjab	Urea Cotton	5,576	1,00,368

During the current Kharif season, Markfed has a target to spray 90,000 acres by the middle of October, 1973. The unit is further being strengthened by importing two UTVA Fixed Wing Aircrafts which are expected to arrive in October, 1973. The Agro Aviation Unit is planned to be expanded to 12 Aircrafts within another three years.

In order to ensure regulated supply of standard quality of Insecticides for spraying to this Unit, a separate formulation factory has been installed by the Markfed at Mohali. The total capital outlay on this factory has been of the order of Rs.8.5 lacs. Since its inception, it has already manufactured 3,38,612 litres of technical formulations like Endrines, Aldrine, Malathion, etc. These medicines are also distributed among the farmers for manual use through the net work of Cooperative Marketing Societies.

Still another service provided by the Markfed in the field of agriculture is by setting up Soil Testing Laboratories, almost one in each District. These laboratories arrange for the testing of soil components of the samples brought by the farmers on the persuasion of Inspectors of Agriculture Department. As a result of these tests, necessary advice is given to the farmers for balanced use of fertilisers for various crops. These units are looked after by a Plant Protection Expert and is assisted by Soil Chemists and laboratory technicians. This service is rendered free of charge to the farmers. The total expenditure on these laboratories during the past few years has been as under:-

<u>Year</u>	<u>Total Expenditure</u>
1968-69	3,988
1969-70	4,30,849
1970-71	3,93,183
1971-72	3,34,719

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programmes in the area had purchased fruits from the producers



The Federation has also set up tractor custom service with ten tractors of 55 H.P. each at Ludhiana. These tractors are hired out to the farmers for ploughing, harrowing, levelling, etc. on custom basis. This Unit is rendering very useful service in rehabilitating the people affected by the Indo-Pakistan war of 1971, so as to make the land fit for next Rabi crop.

With the rapid expansion of its activities as indicated in the above tables, the business turn-over of the organisation went up from Rs.100 crores in 1967 to Rs.254.67 crores in 1971-72.

Having consolidated in the field of trading activities in the supply and distribution of agricultural inputs and marketing of agricultural produce, the Markfed diverted its attention to the setting up of industrial units connected with the processing of agricultural inputs and processing of agricultural products. Already the Markfed has set up various plants for processing of groundnuts manufacture of vanaspati, granulation of fertilisers, dehydration and canning of vegetables and fruits and manufacture of cement pipes used in minor irrigation works. The total capital outlay on these projects is of the order of Rs.218.37 lacs. Brief data with regard to the rated capacity and the capacity achieved, etc. is given below:-

Unit	Rated capacity (qty.)	Value of rated capacity	(Rs. in lacs)	
			Total production value during 1971-72	Total fixed investment made
Cement Pipe Plant, Rupar	60,000 Mts.	3.49	2.40	1.12
do. Sarna	54,000 "	3.45	1.88	1.45
do. Mogo	(Unit closed)	3.45	1.88	1.15
Formulation Plant, Mchali	2,00,000 lts.	36.00	2.87	8.50
Vanaspati Plant, Khanna	15,000 Mts.	900.00	260.84	68.00
Groundnut & Solvent Plant, Khanna	20,000 Mts.	285.65	128.05	39.00
Fertilizer Plant, Dhuri	40,000 Mts.	350.00	250.00	36.15
do. Ludhiana	40,000 Mts.	350.00	249.00	27.00
Markfed Camneries, Jullunder		36.19	36.19	36.00
			1,968.23	933.11
				218.37

units

Besides the above, the Federation has taken in hand four more projects with capital outlay of Rs.88.29 lacs as per details given below :-

Units	Rated capacity	Value of rated cap.	(Rs. in lacs)	
			Total fixed investment made	Remarks
Cotton Seed Project	30,000 Mts.	298.50	42.60	Project stopped
Modern Rice Mill, Rajpura	20,000 Mts.	115.00	7.42	Production started in June 1973.
Modern Rice Mill, Patiala	20,000 Mts.	115.00	3.00	Yet to go in production
Fertilizer Plant, Anandpur Sahib	40,000 Mts.	350.00	35.00	
		878.50	98.02	

programmes in the area had purchased fruits from the producers

The units at number 2 and 4 above have already gone in production.

The Markfed plans to set up additional industrial units as per details below :-

Units	Rated capacity	(Rs. in lacs)	
		Value of rated capacity	Total fixed investment
1-Cotton Ginning & Processing Mill	40,000 Mts.	14.00	10.00
2-Absorbent Cotton Plant	450 Mts.	30.82	8.00
3-Cattle Feed Plant	30,000 Mts.	180.00	16.00
4-Spinning Mill (two) with 25,000 spindles each	(Not yet available)		300.00
5-Groundnut Oil & Solvent Extraction Plant, Kapurthala	20,000 Mts.	285.65	50.00
6-Modern Rice Mills (Four)	80,000 Mts.	460.00	48.00
7-Manufacturing of Harvesting combines	300	300.00	90.00
8-Expansion of Cooperative Canneries	5,700 Mts.	165.48	25.00
9-Winery	10,00,000 bottles	100.00	70.00
		1,535.95	617.00

#### PROBLEMS

The problems faced by cooperatives are :-

1. Inconsistent policy of Government to utilise the agency of cooperatives' in procurement. Every year the targets are

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fixed. In Punjab State, Food Department, F.C.I. and Markfed are the three agencies purchasing wheat as agents of the Government. All the three agencies were making their purchases through cooperative marketing societies. But in the last procurement F.C.I. decided to procure through departmentally, whereas the Government of India have clearly indicated that commodity corporations should utilise cooperatives in procurement of food grains and other commercial crops. F.C.I., Cotton Corporation, Jute Corporation and such other corporations should clearly indicate their policy in this behalf and rather than setting up their own field agency should utilise cooperatives.

2. Utilisation of cooperative processing units for custom service -- as in the case of paddy, F.C.I. is going to purchase paddy but they are calling tenders for custom service, whereas it should be a decided policy to give this work of custom service to cooperative rice shellers on a rate which will not be uneconomic to the Rice Shellers. In view of 95% levy of rice, no cooperative rice sheller can purchase paddy and then run economically.

3. In the distribution of fertilisers cooperatives had been engaged since long. Lately private trade has come in and now Agro Industries Corporation has also entered the field of distribution. Agro Industries Corporation is allowed cash sale of fertilisers and cooperatives have to give it on loan to farmers. The main hurdle now is the allotment. The Government of India allocates to the Department of Agriculture, who in turn allocates to cooperatives (Markfed) and Agro Industries Corporation out of the pool allotment. Government of India should make a final decision as there is a definite field of activity available to Agro Industries Corporation, fertilisers should remain only with cooperatives and allotment be made to the Registrar, Cooperative Societies on behalf of the State Government by the

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Government of India or to a permanent nominee in this behalf in the cooperative sector which is ~~xxxx~~ none other but State Cooperative Marketing Federation. The allotment out of the non-pool should also be 50% of the production to cooperatives by various manufacturings in the country as per recommendation of Quareshi Committee.

4. Recently a new trend has started in various States as State FCI's are being set up. These corporations' have been given the name of state civil supplies corporations. These corporations will be under the control of Civil Supplies Department. It is but natural that civil supplies department will give over the works of procurement and distribution of various items i.e. cloth, sugar, wheat, pulses, etc. These items are being distributed at present by urban cooperative consumer stores in urban areas and by marketing-service societies in rural areas. As such it is feared cooperatives will be out of the field of distribution and procurement. There is no other better agency which is so wide spread and with financial resources who can take up this work. These civil corporations will have to set up their own field agency which will be unnecessary duplication.

5. Dependence on Government patronage. No doubt it is very necessary but still the cooperatives can and should adopt some other fields of activity alongwith procurement and distribution. Markfed has set up few processing units, 4 Fertiliser Granulation Units, 2 modern rice mills, Vanaspati unit, Cooperative Camneries, Cement RCC Pipes, Factory, Insecticides formulation unit, Cotton Seed Plant, Cotton Ginning Units. Few more are under consideration, Cattle feed plant, manufacturing of harvest combines, expansions in the present units of these types. Licence for a cotton spinning mill has been granted by the Government of India where as the Markfed has set up these units but as far procurement of raw materials is concurred for these units, the Primary Cooperative

Marketing Societies are being asked to purchase the same. No purchases through any commission agent is being made so that Primary Cooperative Marketing Societies are fully involved.

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SUMMARY ON MARKFED

(MARKFED AND ITS PROBLEMS)

Shri.A.S.Sodhi.

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3. The Markfed has played a very effective role in bringing about a major break-through in agricultural production in the State of Punjab by coordinating its supply and distribution activities in the field of agricultural inputs with the State plans and programmes of the Agriculture Department. It also participated in a big way in profitable marketing of bumper Rabi yield of cotton crop, acting as agents for the Punjab Government as well as the Cotton Corporation of India. The procurement of wheat was handled in addition to supplies.

Storage:

With the achievement of bumper yields of crops from the use of high yielding varieties the problems of storage of surplus produce was handed by coops: and a storage capacity of 4.50 lac tonnes has been limit.

Farm Service:

To provide farm services Markfed arranged the import of Harvest Combrines. In all 119 combines are operating at present. Alongwith this arrangements for spraying of crops have also been made. Two helicopters are undertaking spraying of Insecticides, Pesticides and fertilisers (area).

10 soil testing laboratories have been set up with arrangements to test 10,000 samples annually in each laboratory free of cost.

A group of 10 tractors is undertaking ploughing, harrowing, levelling etc. as in the farmers fields on hire.

Having consolidated in the field of trading activities in the supply and distribution of agricultural inputs and marketing of agricultural produce, the Markfed diverted its attention to the setting up of industrial units connected with the processing of agricultural inputs and processing of agricultural products. Already the Markfed has set up various plants for processing of groundnuts manufacture of vanaspati, granulation of fertilisers, dehydration and canning of vegetables and fruits and manufacture of cement pipes used in minor irrigation works. The total capital outlay on these projects is of the order of Rs.210.37 lacs. Brief data with regard to the rated capacity and the capacity achieved, etc. is given below:

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programmes in the area had purchased fruits from the producers

is none other but State Cooperative Marketing Federation. The allotment out of the non-pool should also be 50% of the production to cooperatives by various manufacturing s in the country as per recommendation of Quareshi Committee.

4. Recently a new trend has started in various States as State FCI's are being set up. These corporations' have been given the name of state civil supplies corporations. These corporations will be under the control of Civil Supplies Department. It is but natural that civil supplies department will give over the works of procurement and distribution various items i.e. cloth, sugar, wheat, pulses etc. These items are being distributed at present by urban cooperative consumer stores in urban areas and by marketing-service societies in rural areas. As such it is feared cooperatives will be out of the field of distribution and procurement. There is no other better agency which is so wide spread and with financial resources who can take up this work. These civil corporations will have to set up their own field agency which will be unnecessary duplication.

5. Dependence on Government patronage. No doubt it is very necessary but still the cooperatives can and should adopt some other fields of activity alongwith procurement and distribution. Markfed has set up few processing units, 4 fertilisier Granulation Units, 2 modern rice mills, vanaspati unit, Cooperative Canneries, Cement RCC Pipes, Factory, Insecticides formulation unit, Cotton Seed Plant, Cotton Ginning Units. Few more are under consideration, Cattle feed plant, manufacturing of harvest combines, expansions in the present units of these types. Licence for a cotton spinning mill has been granted by the Government of India where as the Markfed has set up these units but as far procurement of raw materials is concurred for these units, the Primary Cooperative Marketing Societies are being asked to purchase

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the same. No purchases through any commission agent is being made so that Primary Cooperative Marketing Societies are fully involved.

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programmes in the area had purchased fruits from the producers



CO-OPERATIVE COLD STORAGE SOCIETY LTD.,  
RAO, M.P.  
- A OBSTRACT OF THE CASE STUDY -

The Cooperative Cold Storage Society Ltd., Rao, M.P., is first society of its type in Madhya Pradesh, registered in the year 1965 and started functioning in the year 1968. The area of operation is Indore Tehsil and two village societies of Mhow Tehsil. The society has 301 members out of which 297 are growers, 3 societies and Government. The paid-up share capital is Rs. 238000/-.

2. The main objectives of the society are :

(i) storage of perishable articles; (ii) marketing of perishable articles; (iii) supply of agricultural inputs; (iv) grant of pledge loans; (v) to educate the members.

3. The membership is open to fruit and vegetable growers and cooperative institutions of the area.

4. The liability of the member is five times of the shares held by him.

5. The authorised share capital is 3 lacs with the face value of Rs. 100 each. None will be allowed to purchase shares beyond Rs. 5,000/- or 1/3 of the total shares sold whichever is less.

6. The managing committee consists of 10 directors, seven are elected and 3 are nominated by the Registrar.

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programmes in the area had purchased fruits from the producers



7. The paid employees of the society are eleven. The Manager is deputed by the Department.
8. The society is advancing pledge loan. This year Rs. 230421 was advanced to 144 growers.
9. In 1968, the storage capacity was 1,000 metric tonnes. In 1973 it is increased 2300 metric tonnes, and in 1974 it would be 6,300 m. tonnes with an ince plant of 10 tonnes capacity. The utilisation of capacity is more than 100%.
10. The society has distributed 6% dividend in the year 1968-69. From 1969 with dividend storage rebate is also given. The members re-deposit their rebate and dividend amount in the shape of share money.
11. The total funds of the society are Rs. 245543.
12. The society was adopted by the ICA/NCUI Education Project, Indore, The Education Programme given by the project was implemented successfully. The result of this is that this society was placed in class 'A'. On its successful operation three more cooperative cold storage were set-up in Indore district.
13. The society provides Farm Guidance Services and also planned this year to establish a bakery unit to provide better 'Nasta' in the morning to the members in the fields.

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14. This is a problem-less society of the area, and performing its duties and functions according to the situation and the requirements of the members.

15. The society is the member of apex marketing federation, district cooperative unit, and district central cooperative bank. The relations of the society are very good with these institutions.

16. The society also adopted the theory of 'Co-operation between Co-operatives' and helped to the newly born cold storages of the district.

By V. S. Bhandaril  
Manager,  
Cooperative Cold Storage  
Ltd.,  
RAD (M.P.)

SVM/-12.10

programmes in the area had purchased fruits from the producers



AN ATTEMPT IN COOPERATIVE MARKETING OF FRUITS IN UTTAR PRADESH HILLS

- B. N. P. Dangwal,  
Deputy Registrar (Cooperative Societies)  
Uttar Pradesh,  
Lucknow.

The hill region of U.P. which lies between Tibet in the extreme north and the Gangetic plains in the south consists of 8 revenue districts. Except the Terai and Bhabar area which produces foodgrains in sizeable quantities, the whole region is deficit in matters of production of food. Although programmes aiming at increasing food production in this area have always received due attention from the government agencies and will also continue to do so in the future, in view of the natural conditions obtaining there, the possibilities appear to be extremely limited. Thus, for sometime past, there has been some shift in emphasis from agriculture to horticulture and consequently a large number of fruit orchards, big and small, have come up during the last one decade or so.

The programmes relating to plantation of fruit trees, continue to be taken up in increasing measure year after year. It is reported that the fruit production of this area will be of the order of 80,000 M.T. by the end of the Fourth Five Year Plan. As a result of more orchards reaching the fruit bearing stage, the production of fruits would increase in the following years many-fold.

Unfortunately however, the most important aspect of marketing the fruits produced in the area has not received any serious consideration so far. In April-May 1973, it was decided to make a beginning. The chief consideration, nevertheless, was to sustain the enthusiasm of the people to grow orchards by giving them a fixed minimum price for their produce. The Hill Development Corporation set-up by the Government of U.P. to initiate development programmes in the area had purchased fruits from the producers

during the previous year and sold it in different 'Mandis' consuming centres. The result was a very unhappy one and the Corporation suffered huge loss on this account. The Corporation was invited to make purchases of 'A' and 'B' grade of fruits this year also. The cooperatives were also approached to come to the rescue of the growers. Local prices of apples in remote areas sometime come down to 50 paise per kilogram and even then there are no purchases. The problem of marketing is faced particularly by small growers who have no means at their disposal to send their produce to distant markets. The larger growers have been in the field for quite some time and have established business relations in the outside places.

The main functionary in the existing fruit marketing system besides the grower is the pre-harvest contractor who handles most of the produce. Although he covers all the risks from fruiting onwards to the final disposal of the produce, the price that the grower receives for his crop is considerably low.

In June 1973 it was decided to take up marketing of fruits in this area by cooperative societies in selected places. Five fruit marketing societies were hurriedly organised at the instance of the Directorate of Fruit Utilisation and a small beginning made in the direction of fruit marketing on cooperative lines. More societies would be organised in the coming months and it is proposed to further expand the programme during the Fifth Five Year Plan Period.

As the cooperatives had no experience in this field it was decided to take up the marketing of A & B grades of fruits only, especially apples; and that it would be done so far as possible, only on commission basis. By the end of August 1973, these cooperative societies assisted by some village primaries and the staff of the Fruit Utilisation Directorate have marketed over 30,000 quintals of fruits. In view of the very short period of

time available for making all kinds of preliminary arrangements, it may not be called a mean achievement. It is however necessary to point out here the main problems that have been faced by these cooperative societies in this new field of activity and are likely to be faced by them for some time in the future also.

(1) There are no local markets and large consuming centres in the area. Fruits have to be marketed in outside Mandis. Due to hilly terrain of the region, distances are long and transport difficult. No unoften the fruits have to be transported by Mules upto motor roads.

(2) Due to the perishable nature of the commodity, its marketing machinery has to be efficient for which personnel trained in this branch of business activity are of the utmost importance.

(3) These societies are commodity type societies in nature. The U.P.Hills mainly produce temperate fruits and the fruit marketing societies are likely to remain idle during the off-season. It will be difficult for them to maintain their staff if they do not undertake other activities like processing and canning of fruits.

Only good quality fruits can be marketed as such. The growers cannot afford to sell only quality fruits and throw away the rest. It is therefore imperative for the fruit marketing societies, both in the interest of the growers and also their own, to find ways and means to utilise the fruits which cannot otherwise be marketed as such.

(4) In the initial years these societies will not be able to meet their expenses from the amount of commission earned by them in their business activity and it is necessary to provide larger amounts of managerial subsidy spread over a longer period of time than in the case of other marketing societies.

(5) These societies had to start their working practically without funds and had to face great financial difficulties.

They were not in a position even to make pledge advances to the growers. It appears necessary that the government sanction adequate working capital loan to these societies and contribute liberally towards their share capital. The government may also have to stand guarantee in respect of loans advanced to these societies by the cooperative banks for marketing of fruits.

(6) Quality control is very important. For this purpose the societies have to rely on the services of the Fruit Directorate staff. It may be necessary in future to create a cadre of trained growers at district level and also establish grading centres in the areas of the societies.

It is felt that the producers themselves should know the technique of proper grading and packing of the fruits. All this is going to take time.

(7) The societies had to import packing cases from outside. The cost of transportation of the number pieces of packing cases to actual sites of packing is very high. In order to cut down the expenses on this account, it may be necessary firstly to procure trees at reasonable rates from the Forest Department and secondly to set-up saw mills at suitable places within the district.

(8) The producer has to be weaned from the pre-harvest contractor and persuaded to look after his crop himself and entrust the produce to the fruit marketing society for final disposal so that the total benefits of the sale of his produce go to him.

(9) It may be necessary to establish Divisional Federations of these marketing societies for arranging the final disposal of the fruits in suitable Mandis and for providing marketing intelligence and other services to their constituents. It is however complained that the Federations in general have not

adequately served the purpose for which they were mainly formed in other fields of cooperative activity.

(10) The banks provide medium term loans for horticulture purposes. The growers can also be indebted to the Village Credit Societies. Under the circumstances the propriety of giving further advances even against pledge of fruits is questionable. But on the other hand if such advances are not made, the growers would rather sell their produce to private traders than have it sold through the marketing societies.

(11) Then there is the problem of recovery of the cooperative dues. In case large scale recovery is insisted upon at the time of making the pledge advances or even after the sales have been effected, the growers would be dissuaded from bringing their produce to the marketing society defeating the very purpose of the objective of the scheme.

(12) Storage and quick and cheap transport are the other two important problems intimately related to fruit marketing. These have to be solved quickly and effectively with government assistance.

In the face of a variety of problems and inspite of their very adequate resources, these fruit marketing societies with the willing cooperation of their grower members have already done some important work and have also paved the way for rendering better services to their members in the coming years. The cooperative banks have also now come forward to finance fruit marketing in this area. By giving better prices as compared to the previous years these marketing societies have succeeded in building an atmosphere of confidence for themselves and the growers which augurs very well for the future.

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AN ATTEMPT IN COOPERATIVE MARKETING OF FRUITS IN U.P.HILLS

B.N.P.Daugwal  
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Lucknow.

The hill region of Uttar Pradesh which consists of 8 revenue districts in deficit in matters of food production. In view of the geographical conditions of the area the possibilities of agricultural development are also limited. Accordingly, greater emphasis has been laid on the development of horticulture in this area. As a result of this a large number of orchards of various sizes have come up there during the last one decade or so.

Now, although large quantities of fruits were being produced in the U.P. Hills there were no arrangements for their organised marketing. The pre-harvest contractor was still dominating the whole marketing system and the growers were the greatest losers. For the first time an attempt was made this year to arrange the marketing of A and B grades of fruits on cooperative basis at selected places. The new fruit Marketing Societies organised for the purpose have despite their extremely limited resources and inadequate know-how marketed quite a sizeable quantity of fruits already.

These fruit Marketing Societies have had to face the following problems:-

1. Inadequate means of transport.
2. Lack of Personnel trained in this special branch of marketing. Assistance of the Horticulture staff had to be taken in grading and packing of fruits.
3. Lack of means to utilise fruits of inferior quality.

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4. Extremely weak financial base and late credit arrangements.
5. Difficulty in procuring packing cases.
6. Absence of a reliable system for obtaining marketing intelligence.
7. Difficulty in establishing business relationship in outside place.
8. Difficulty in finding avenues to off-season activities.

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COOPERATIVE MARKETING OF AGRICULTURAL PRODUCE IN INDIA

by Sh. M. Karunanidhi,  
Dy. Director  
Ministry of Agriculture,  
(Department of Cooperation).

Cooperative marketing of agricultural produce means marketing activities by producers acting together instead of by them individually. The object of marketing society is to sell the produce of its members in a manner most advantageous to them. Its aim is to reduce various mal-practices prevailed in the system of agricultural marketing such as arbitrary deductions from the price of produce, manipulation of weights and measures and collusion between the buyer and the broker. The process of movement of goods from the farmer's field to consuming market includes assembling, grading, storage, sale and transportation. In this process a large number of middlemen enter into the field who take a lion's share of the profit. The above process no doubt involves expenses whether they are done by private agencies or by a cooperative marketing society. The only advantage that a cooperative marketing society can bestow is that the above services can be done at a lower cost eliminating the profit of superfluous middlemen. This would be possible due to the large turn-over a marketing society is expected to handle. Cooperative marketing facilitates large scale expansion of credit and provides built-in mechanism for the recovery of production credit. It also provides incentives to grower to increase his production.

The early efforts in the development of marketing in India could be traced to the organisation of sale societies following the enactment of Cooperative Societies Act of 1912. Attempts were made in Gujarat and United Provinces and Bihar and erstwhile Punjab to organise such societies. These societies did not create any impact on the growers cooperative marketing. Several

Committees and Commissions, which had been appointed for the development of agriculture and banking, reiterated the need for the development of cooperative marketing. But these recommendations led to only a limited progress and that too in certain parts of the country. The Cooperative Planning Committee, appointed by the Government of India in 1945, recognised the need for development of cooperative marketing on a large scale and recommended that 25% of the total marketable surplus should be covered by cooperative marketing within ten years. The recommendations of the Committee resulted only in sporadic attempts to organise cooperative marketing societies of agricultural produce with a limited success. Greater emphasis was made by the All India Rural Credit Survey Committee for the systematic development of programme of cooperative marketing alongside cooperative credit to improve the rural economy with the Government active participation in the programme by providing financial and other assistance. These recommendations were accepted by the Government of India and since then cooperative marketing has been given due recognition.

The First Five Year Plan stressed the importance of the cooperative marketing and processing but did not set any fixed target with the result the movement did not achieve much progress. The Second Five Year Plan placed considerable emphasis on the development of cooperative marketing and envisaged definite target for the organisation of primary marketing societies in important mandies and apex marketing society in each State as a Central organisation to coordinate the activities of the primary societies. Financial assistance was provided by Government to marketing and processing societies. There had been progress in regard to organisation of Cooperative marketing societies during the Second Plan period. The number of primary marketing societies had increased and the apex

level federations were set up in all the States except Jammu and Kashmir. A National Agricultural Cooperative Marketing Federation was also set up to coordinate the activities of apex marketing societies and to promote inter state trade. The qualitative progress was not, however, very much impressive. The Third Plan assigned special importance to the role of cooperative marketing in the integrated rural credit. The Plan envisaged strengthening the existing marketing structure and also setting up of marketing societies in areas not covered during the Second Plan. Definite improvement was noticed during the Third Plan period. A selective and intensive development of cooperative marketing, processing, supplies and storage was stressed in the Fourth Plan. A substantial progress has been made in the programme of cooperative marketing including during the current plan period. The National Cooperative Development Corporation, set up under the National Cooperative Development Corporation Act. 1962, with the object of planning and promoting programmes for the production, processing, storage and marketing of agricultural produce, has been rendering valuable support to these programmes through various promotional measures and by providing necessary financial assistance and technical guidance in improving their operational efficiency as well as evolving operational and managerial discipline.

The cooperative marketing structure in the country is mainly three tier set up consisting of primary societies organised at the secondary market levels, apex marketing society at the State level and the National Federation at the national level. In some States there is another tier between the primary and State marketing society. Organisationally the structure of cooperative marketing is now by and large complete. As on 30-6-1971, there were 3222 primary marketing societies excluding sugar cane supply societies covering almost all the secondary markets and wholesale mandi

centres. The higher tier consisted of 160 district/central level societies (excluding cane supply federations) 22 state level marketing federations besides national level federation at All India level. In addition there were 6 commodities Federations for different commodities like cotton, fruits and vegetables, sugar and other special commodities. The membership of primary marketing societies comprised 1,42,869 cooperative societies and 26,71,269 individuals as on 30-6-1971. Their paid-up share capital amounted to 28.49 crores including Government contribution of Rs.18.95 crores. Their working capital was Rs.179.44 crores. The apex federations had a total membership of 7685 societies and 1248 growers and others including regular and nominal members, with the paid-up share capital of Rs.14.33 crores including Government contribution of Rs.12.52 crores. Their working capital amounted to Rs.2,70.16 crores, as on 30-6-1971. The National Agricultural Cooperative Marketing Federation had 22 societies as its members with a paid-up share capital of Rs. 39.25 lakhs. The value of agricultural produce marketed by these cooperatives was about Rs.740 crores in 1971-72. The main commodities marketed were foodgrains and sugar-cane of which foodgrains alone accounted for nearly 50%. It is expected that the cooperatives may market agricultural produce of about Rs.900 crores during 1972-73. Although the progress achieved in marketing operations in recent years is significant, it continues to be uneven between different States. The States of Punjab, Maharashtra, U.P. and Gujarat accounted for more than Rs.650 crores representing 70% of the total value of agricultural produce marketed by the cooperatives during 1971-72. Punjab with sales of Rs.240 crores ranked first whereas the performance was very poor in Orissa, Rajasthan, West Bengal, Andhra Pradesh, Assam, Bihar, Madhya Pradesh and Mysore.

The functions of the primary marketing societies are to arrange for the assembling and sale of the produce of members after grading and processing to the extent possible, to advance loans to members on the security of produce, to rent or own godowns for facilitating the grant of such loans to members and sale of produce, to purchase and distribute to members their requirements of seeds, manures, implements etc. and to provide marketing intelligence. According to the data available, a fairly large number of marketing societies are not actually undertaking the marketing of agricultural produce, which is their legitimate function. During 1970-71, only 67% of the primary marketing societies undertook this function. The primary societies numbering 1243 suffered losses during 1970-71.

The Dantwala Committee appointed in 1966 made detailed study of the factors for the uneconomic functioning of the primary marketing societies and suggested various measures for improving their viability, streamlining their operation etc. The States like Andhra Pradesh, Gujarat, Kerala, Haryana, Tamilnadu have been taking up the programme of revitalisation. In order to bring intensive development in cooperative marketing, the National Cooperative Development Corporation, has been operating a Central Sector Scheme according to which assistance will be given to 400 selected marketing societies located in those districts which account for bulk of production of foodgrains and important commercial crops, for strengthening their share capital base. These societies will also be provided with adequate storage and where necessary processing facilities.

The development of cooperative marketing is tied up to a great extent with the development of credit. One of the earliest attempts to link credit with marketing was that made in Salem District (Tamil Nadu) to be known as "Controlled Credit Scheme". Under this scheme, the member receiving loan from a primary credit society



undertook to sell his produce through the marketing society to which the primary credit society was affiliated. After the harvest, the credit society was affiliated. After the harvest, the credit society and the supervisory staff of the cooperative bank made arrangements to ensure that the produce of the member was sold through the marketing society. The marketing society was to sell the produce of the member and deduct his dues to the Credit Society, remit the money so credited to the financing bank under advice to the credit society and pay the balance to the member. It was considered that such a system would reduce the possibility of over-dues besides ensuring the benefits of organised marketing to the members. The scheme had, however, a limited success. The importance of linking credit with marketing was stressed by various Conferences and Committees. As a result of various measures taken in the past few years satisfactory progress had been made in respect of forging an organic link between cooperative credit and cooperative marketing societies. On the operational side, the progress is limited. During 1970-71, 627 primary marketing societies assisted in the recovery of dues amounted to Rs.26 crores on behalf of 12,983 primary agricultural societies. The processing societies also recovered loans to the extent of Rs.35 crores on behalf of 5979 primary credit societies during the same year.

With the growing complexities in the marketing operations, it is essential that the marketing societies should be manned by trained personnel. Only about 50% of the primary marketing societies have managerial staff of their own and about 25% of the societies obtain their managers on deputation. The State Federation of cooperative marketing societies have attempted to maintain a cadre of key personnel of cooperative marketing and processing societies from which the staff can be drafted by the needy marketing societies. There seems to be reluctance on the part of the primary marketing

societies to take the services of managerial staff from the cadre maintained by the Apex Federations on the ground of their inability to meet the increased cost of the staff and in some cases their unwillingness to give up their right of appointing managers. This question needs consideration. Under a Scheme, the National Cooperative Development Corporation has been assisting the Apex Federations to set up technical and promotional cells in order to give the requisite expertise and guidance to the lower level societies.

Cooperative marketing societies play an important role in the state trading of foodgrains. The various Committees which considered the question of state trading of foodgrains have placed great reliance on the cooperative marketing structure for undertaking any programmes of purchases/procurement of foodgrains undertaken by the State Governments or the Food Corporation mainly on account of their past performance in procurement operations and their stability for the purpose. The cooperative agency was, therefore, given a positive preference in all schemes of State trading in foodgrains by the State Governments/Food Corporation of India. During the rabi season 1972 the cooperatives were allotted a larger role in the procurement of wheat as direct agents. The apex cooperative marketing federation of the State of Punjab, Haryana and Uttar Pradesh were given sizeable share in the procurement of wheat alongwith the Food Corporation of India and the State Food Departments. The cooperative accounted for 76% of the total purchases made during the preceding season. Under the scheme of take-over of wholesale wheat trade, the State Cooperative Marketing Federations have been recognised as one of the three purchasing agents of Government. The role played by the cooperative marketing societies in this programme has been satisfactory though they appear to have been experiencing some teething trouble. If these are removed Cooperative marketing societies would stay as a permanent agency.

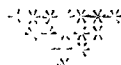
The National Agricultural Cooperative Marketing Federation play a dominant role in the inter-state and export trade. The inter-state trade effected by the Federation was of the order of Rs.1.22 crores during 1970-71 and the export trade Rs.5.26 crores on account of various commodities viz., pulses, onions, kardi, extraction meal, chillies etc. It is expected that the National Agricultural Cooperative Marketing Federation would continue its policy of making out-right purchases and enter the field of foreign trade in a big way in future.

Marketing of crops on cooperative basis can be successful only if their processing is also undertaken by cooperative institutions. Development of crop processing is essential not only for increasing rural income and facilitating credit for production but also for building up cooperative rural economy. In crop processing the most significant achievement so far has been made is in sugar-cane and cotton. Wherever such cooperative processing units have been successfully established, they have proved to be an instrument of development in various fields. The total number of licensed/registered cooperative sugar factories was 124 at the end of March 1972. The Industrial Finance Corporation and Life Insurance Corporation of India are the main source for providing the block capital loans for setting up the factories. Eighty sugar factories were in production during the season 1971-72 and they crushed over 104.35 lakh tonnes of sugar-cane and produced about 11 lakh tonnes of sugar which formed more than 39% of the national production of sugar. Cotton is another commodity which assumes great proportion in the cooperative processing sector. During 1970-71 the cooperative ginning and pressing units ginned 28.42 lakhs quintals of raw cotton and pressed 7.07 lakhs bales. Gujarat takes the major share in cotton processing. Cooperative spinning mills, jute processing

units and processing units of other agricultural commodities have been gradually coming up. There is, however, time lag between the sanction of the processing projects and their installation of the units. Speedy installation by evolving a time schedule and definite procedures need no emphasis. . The National Cooperative Development Corporation has been playing a useful role in assisting the small and medium sized processing units by providing finance towards their block cost and for technical guidance through the State Governments. The role of cooperative marketing societies in the supplies of agricultural production requisites like fertilizers, seeds, implements, machines, pesticides etc. to the farming communities is quite significant.

Though there has been a progressive improvement in the performance of cooperative marketing societies in the country, there are certain areas of weaknesses within the cooperative marketing structure which are required to be remedied. There has been considerable imbalance in the development of cooperative marketing in various regions of the country. The need to reduce the regional disparities acquires utmost urgency. The development of cooperative marketing has been confined to certain commodities like sugar-cane and cotton. Only recently it has shown considerable progress in the field of marketing of foodgrains. There is urgent need to cover all important commodities. Although there are signs of improvement in the management techniques adopted by the cooperatives and in the quality of personnel deployed in this field, the cooperatives and the State Governments have yet to show a greater awareness of the real problems and remedies since the cooperatives are functioning under competitive conditions. The growing complexities and diversification of activities of marketing and processing units signifies the importance of the marketing societies having efficient personnel with high degree

of managerial competence. Introduction of an element of centra-  
lised management is important from the point of view of availing  
of required expertise and skill.



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SUMMARY OF THE BACKGROUND PAPER

COOPERATIVE MARKETING OF AGRICUL-  
-TURAL PRODUCE IN INDIA -

By

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Ministry of Agriculture,  
Government of India,  
New Delhi .

The systematic cooperative marketing started only after the First Five Year Plan. During the Second Plan the structure took its shape with the setting up of State Level and national level federations of marketing cooperatives. During the third and fourth plan period more attention has been paid for strengthening and consolidation of the marketing movement. As on 30-6-1971 there were 3222 primary marketing societies (excluding sugar cane societies) covering almost all the secondary markets and wholesale mandi centres. The higher tiers consisted 160 district central level societies (excluding cane supply federation) 22 state level federations and a national level federations besides 6 commodities federations. There has been study projects in their operations especially the agricultural processing marketed by them. The performance in this aspect was poor in some states. A fairly large number of marketing societies are not actually undertaking the marketing of agricultural

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produce the number of societies incurred losses was also about 38% of the total societies.

Under the scheme of linking credit with marketing some progress has been achieved in forging organisational link between cooperative credit societies and marketing societies, but the recovery of the dues of credit societies, effected by the marketing societies formed only 12.5% of the total recovery of the dues of credit societies. Cooperatives have been given position preference in all the schemes of state trading of food grains by the government as they prove to be the reliable agency. The National Agricultural Cooperative Marketing Federation, (the national level federation) has external trade in the inter-state and export trade on a modest scale.

Crop processing has been gaining importance in the Cooperative Marketing. During 1971-72, 39% of the national production of sugar was contributed by the Cooperative Sugar Factories. Next in importance comes Cotton Processing. The role of the cooperative marketing societies in the supply of agricultural production requisites like fertilisers, seeds, implements is quite significant. The National Cooperative Development Corporation, set up with the object of planning and promoting programmes for the production, processing, storage and marketing of agricultural produce in the cooperative sector, has been rendering valuable support to these programmes through promotional measures and by providing financial assistance and technical guidance.

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Though, there has been progressive important in the performance of cooperative marketing there are certain areas of deficiencies within the cooperative structure and their operations. There is need to re-vitalise the weak societies. The second tier like district federations appear to be redundant. Their function may be taken over by the apex federations, wherever they are advantages to the primaries. The progress of development is not even all over the country. Urgent steps are required to reduce the regional imbalance. The development of cooperative marketing has been confined only to few commodities. Other commodities are to be covered. There is time lag between the sanctioning of processing projects and their installation, which needs to be reduced by drawing up time schedules. Since the corporations are functioning under competitive conditions the need for greater awareness in respect of managerial efficiency to this society arises. It is imperative that a strong centralised management cadre should be formed by the apex level federations to feed the primary level societies. With the growing complexities of the operations of many of cooperative marketing/processing societies, the question of employing highly efficient and competent key personnel assumes importance.

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Background paper for the National Seminar on  
Agricultural Cooperative Marketing, to be held  
at Vidhan Sabha National Institute of Cooperative  
Management, Poona - w.e.f. 8.10.1973  
to 20.10.1973.

by Shri S. Prakash, Lecturer CTC, Patna

I Review of cooperative marketing of foodgrains/fruits  
and vegetables/dairy products/poultry and eggs in  
Bihar State : \_\_\_\_\_

In spite of the vast area and resources at its disposal, the cooperative marketing societies could not make any headway in Bihar.

The cooperative marketing was given a due shape after the 2nd world war by the organisation of cane growers' cooperative unions.

In spite of due importance, no specific schemes were chalked out for cooperative marketing during the 1st Five Year Plan.

It was only in the 2nd Five Year Plan that planning for its development was done and implemented and as a result of it there are in all 278 cooperative marketing societies with the state cooperative marketing union at the apex level. Apart from it, there are 72 cane growers' cooperative union, also.

Besides this, there are 12 cooperative rice mills; 4 fruit processing units and 1 sugar factory, & 11 cooperative cold storages organised in the state but hardly few are working satisfactorily.

The cooperative marketing societies in Bihar are popularly known as Vyapar Mandals. These societies are mainly dealing with the marketing of foodgrains, supply of agricultural inputs and distribution of consumer articles.

As regards the marketing of foodgrains, the societies are mainly doing pledge business and rarely they induce in making outright purchases and whatever purchases are made, it is mostly on an agency basis only. The main reason of its the element of risk and the

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departmental restrictions. So there is left another way of getting the foodgrains sold on (Kachci Adat) commission. But it is not feasible due to non-regulation of markets in actual practice. Hence the ultimate course is only the pledge system.

In this way the marketing cooperative of Bihar have been able to handle Rs. 10 crores worth of agricultural produce only. Here again it may be pointed out that most of the agricultural produce kept on pledge belongs to the traders or traders-cum-cultivators.

So in actual practice we find that no real marketing operations are carried on by the marketing cooperatives of Bihar which may serve the cause of the cultivators and give better results and an incentive for enhanced production.

There are hardly 2 to 3 cooperative marketing societies having a turnover of more than 10 lakhs. In most cases it is below 2 to 3 lakhs.

With regard to the state trading also the cooperatives were given a limited scope for their operations by undertaking the procurement operations. The procurement was entrusted to three agencies i.e. the FCI, state food corporation and the state cooperative marketing union and so nothing much could be desired and expected from the cooperative, but still cooperative might have faced better if given an opportunity.

The problems and the causes for the failure of the marketing cooperative may be listed here as under : -

- 1) Wrong location of the marketing societies. Most of the societies have been located at the Block headquarter where neither there is a regulated market nor a market of other type.
- 2) Lack of proper planning and technical guidance with regard to its viability and potentiality.
- 3) Lack of trained and efficient managerial personnel with a business trait. It is only the government officers working as managers having little of business experience.

- 4) Weak financial position of the societies. The societies are basically dependent upon government share capital contribution. The members participation is insufficient. The average share-capital contribution for Bihar comes to Rs. 2500/- as compared to the national level of Rs, 60000/- . Out of which a major part of say 90% is again from the government.

Not only from individual cultivators but even from the service cooperatives unions as M.P.C.S. the due share is lacking. The reason is quite obvious because the credit structure is weak itself.

- 5) Defective Bye-laws of the marketing societies. The present bye-law requires a better change so as to enlarge the scope of working and so adoption of new model bye-laws is required.
- 6) Lack of proper supervision and guidance of the departmental staff. The departmental officers hardly fulfill their duties of being friend, philosopher and guide to the societies inspite of their, close association with the working of the societies. Even the system of concurrent audit has not been introduced in Bihar which is most essential for having a better control ~~of~~ and check over its financial affairs and with regard to its working.
- 7) Lack of efficient management and lack of interest on the part of the board of directors. It is only a very few members on the management who take any interest and in actual practice they hardly take pains to improve, The working and even have their own involvement to a significant degree.
- 8) Unfavourable government policy of the state government. The government policy needs to be move cooperatively based

....4/-

so that the cooperatives may be able to find a way of establishing itself on sound footing at least in the initial stages.

Even if there is a favourable policy, it remains only on papers and great bottlenecks come up at the implementation stage where the involvement of various agencies comes up.

- 9) Lack of proper coordination between the apex and the primaries.
- 10) There is no specific incentive given by the marketing cooperatives and to the cultivator members in the shape of patronage dividend or bonus or sharing a part of the profit in proportion to their participation so as to infuse a sense of confidence and loyalty toward the society. So the whole marketing complex requires a thorough re-organisation and revitalisation with the twin objectives of attaining viability and rendering efficient services to the cultivator members so as to enable them to get better returns of their agricultural produce which may act as a stimulant for a higher marketable surplus.

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## VI Causes of high costs of marketing and how to bring them down

The main causes may be briefed here as under :

- 1) Multiplicity of intermediaries.
- 2) Non-regulation of markets inspite of the agricultural produce market act having been enforced.
- 3) Multiplicity of market charges.
- 4) Losses and deterioration in quality during storage and transplant.
- 5) Agricultural produce having bulky and seasonal, there are heavy costs on storage and transplant.
- 6) Due to scanty output of the farmers it is difficult as well expensive to sell any commodity in small lots
- 7) the smaller the amount of produce for sale, the larger will be the number of hands through which it will pass, which is not unproductive, is surely uneconomical.
- 8) Profit motive on the part of the middlemen.

The only solution to all this lies, in organising a cooperative marketing society which can reduce the marketing costs by undertaking the preparation, purchase and sale of agricultural produce and perform all other connected functions as may be conducive to better production and better business.

It can help in reducing the price spread between the produce and the consumer and thereby ensure a fair and better return to the produce.

Cooperatives can only help in stabilisation of prices.

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THE CO-OPERATIVE MARKETING SOCIETY LTD. GANJ BASODA  
DISTT. VIDISHA (M.P).

1. Organisation:

(a) Registration No.	8306
(b) Registration date	23rd September, 1957
(c) Area of Operation	Basoda Tehsil.
(d) Total number of villages.	471
(e) Total number of villages from agriculture produce brought to society for sale.	435
(f) Total population	203,375
(i) Out of which agricultural population.	51,9,63,
(g) No. of primary agriculture Co-operative Society.	84.
(h) No. of branches of the Central Cooperative Bank Ltd.	4
(i) No. of branches of the land development Co-operative Bank Ltd.	1
(j) No. of Block Development in Society's jurisdiction.	2.

2. Objects of the Society:

- (a) Purchases and sales of agricultural and forest produce from societies' members as well as cultivators.
- (b) To receive deposits, grant in aid from Govt., and loan from the Central Co-operative Bank Ltd.
- (c) Advance pledge loan against agriculture produce for society's members.



- (d) Godowns facilities to cultivators for agriculture produce.
- (e) Establishment of processing units for agriculture produce.
- (f) Distribution of fertilizer, seeds, pesticides, consumers articles and agriculture equipment for members as well as cultivators.
- (g) Recovery of loan from primary agriculture co-operative credit society on the basis of linking credit with marketing.
- (h) Publicity of extension against cooperation, saving, and self dependents for members.

3. Formation of Board of Directors.

- (i) By election
  - (a) Six Directors from primary agriculture cooperative societies.
  - (b) Two Directors from Individual members.
- (ii) By representation.
  - (a) Representative of the Central Cooperative Bank Ltd.
  - (b) Representative of Apex Cooperative Marketing Federation Ltd.
- (iii) By Nomination.
  - (a) Deputy Director of Agriculture.
  - (b) Asstt. Registrar, Coop. Societies.
  - (c) Collector or his nominee.

4. Business activities:

1. The society deals following food grains, pulses and oil-seeds.

- (i) (a) Wheat
- (b) Gram (Deshi)
- (c) Gram(Gulabi)
- (d) Jowar.

(ii) Pulses:

- (a) Masoor
- (b) Rahar
- (c) Moong
- (d) Turra
- (e) Batra

(iii) Oil-seeds:

- (a) Hinseed
- (b) Groundnut
- (c) Tilli
- (d) Rameli
- (e) Soyabeen

2. The Society also deals consumer article for rural and urban areas as below:-

- 1. Wheat
- 2. Rice
- 3. Sugar
- 4. Atta
- 5. Maida
- 6. Rawa
- 7. Dalda
- 8. Control cloths

9. Cement

10. Other articles as supplied by the Govt. from time to time.

3. The Society also deals fertilizer distribution, seeds, pesticides, Oil engines and motor pumps etc.

Note: The Society is capable to emplement to all others functions handed over by the higher authority.

5. Membership:

(a) Societies	84
(b) Individual	446
(c) Nominal	61
(d) Govt.	1

TOTAL; --- 592  
=====

6. Share Capital:

(a) Societies	1,56,624
(b) Individual	2,35,435
(c) Nominal	1,583
(d) Govt.	1,28,400

Total: 5,22,042  
=====

7. Reserve Fund. 81,225

8. Own funds:

(a) Building fd.	64,315=13
(b) Divident equilisation fd.	4,473=01
(c) Bed and doubtful debt reserve fund.	9,597=72
(d) Price Fluctuation Fund	47,587=29
(e) Charity Fund.	193=67

(f) Truck and Vehicle Fund	39,900=00
(g) Publicity Fund	97=00
(h) Shares redumption fund	5,000=00

Total: 1,71,163=82

9. Deposits:

(a) Cultivator's Deposit	10,324=17
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10. Loan Outstanding:

(a) State Govt.	3,12,444=28
(b) Central Coop. Bank.	6,76,017=00

Total: 9,88,461=28

11. Working Capital: 17,73,217=27

12. Investment:

(a) Govt. securities	22,328
(b) Share Co-operative Institutions.	2,67,000
(c) Fixed Deposit in C.B.	1,200

Total: 2,90,528

13. Linking: 2,35,000

14. Relationship with higher organisations.

Society is very much close to following organisations:

- (a) Food Corporation of India. because food procurement as agent the society procured levy wheat 50,724 qtl. to amounting to Rs.39,40,000 in earned a commission Rs.11,000

- (b) Apex cooperative marketing federation Ltd., fertilizers. Oil engines motor pumps, and procurement of food grains etc. on the commission basis.
  - (c) Central Coop. Bank. Clean cash credit and pledge loan sanctioned every year by the Bank for Assistance in the business activities of the society.
  - (d) National Co-operative development Corporation, for construction of Dal Mill loan amounting to Rs. 4,71,000 sanctioned by the N.C.D.C. during the year 72-73.
  - (e) National Co-operative Marketing & agriculture corporation, the society procured on commission basis food grains and pulses through Apex marketing federation for this organisation.
  - (f) Land development Co-operative Bank Ltd., supply of Oil engines and electric pumps to the cultivators as loan sanctioned by the L.D.B.
15. Roll of the Govt. in the marketing of agricultural produce and its support to marketing cooperatives in area. Nationalisation of wheat, the society procured 50,724 qtl. wheat from cultivators through procurement centers as established by the Govt.
2. Previous year cultivators benefited amounting Rs. 2,50,000 as extra bonus

under the scheme procurement of Gulabi Gram for Apex Cooperative Marketing Federation.

3. Processing of agriculture produce in area of the society state Government sanctioned in loan Rs. 4,73,000 for construction of Dull Mill Units
4. For ware-housing of agriculture produce the Government all ready sanctioned loan for construction of Rural and urban godown to the society godowns construction completed by the society last five year back.

16. Future Plan.

The proposals of construction for Flour Mill is under consideration by the State Govt.

2. The developing of business activities the state Government have to sanction financial assistance to the society amounting to Rs.20 lakhs. The proposal is all ready submitted to the state Government.

3. To facilitate for cultivators the Society have to purchase two

cooler for drinking cold  
water in mandi yard.

Sd/-  
President,  
Co-operative Marketing Society Ltd  
Ganj Basoda.

Copy:-

Forwarded to Shri. J.M. Rana Director (Education International  
Co-operative Alliance, New Delhi-14).

The Director, Vaikunth Mehta National Institute of Cooperative  
Management, Poona-16.

For information please.

Sd/-  
President,  
Co-operative Marketing Society  
Ltd.,  
GANJ BASODA.

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URH/12.10.

**International Cooperative Alliance**

**LECTURE PAPERS**





CAUSES OF HIGH COSTS OF MARKETING

By

Lionel Gunawardana

Joint Director

ICA Regional Office, New Delhi

ICA/SCC/NCUI National Seminar

on

"AGRICULTURAL COOPERATIVE MARKETING"

Poona, October 8-20, 1973



pk/3 October 1973

CAUSES OF HIGH COSTS OF MARKETING

By

Lionel Gunawardana  
Joint Director  
ICA Regional Office, New Delhi.

INTRODUCTION

Marketing involves all business activities that have to be performed in bringing the agricultural produce from the farm to the ultimate consumer. Thus, it includes activities such as collection of marketable surplus from the farms, their transport, assembly, grading, processing, packing, storage and sale to the ultimate consumer.

In Asian countries where the economy is dominated by agriculture, arrangements for marketing of farm produce assumes vital importance.

The Cooperative Movements in the countries of the Region of South-East Asia have assumed a position of increasing importance in their present economies and they have been instrumental to a great extent in fostering the general welfare of the people. In most of the countries in the Region the cooperative movements have functioned for long periods. However, the entry of the movement into marketing business is comparatively of recent origin. The cooperative movements which were initiated mainly for providing credit for the farmers, hesitated at the beginning to enter the field of marketing. It was in 1930s that the movements in most of the countries in the Region attempted to enter into this field. It has been a very difficult task for the cooperatives to compete with the private traders who had entrenched themselves in this

field, and at the beginning failures exceeded successes. Though in many countries in the Region, the marketing cooperatives are doing commendable service they fall far short of their potentialities.

#### STRUCTURE OF AGRICULTURAL MARKET

Structure of the agricultural market in the countries of South-East Asia follows somewhat a uniform pattern. The primary producer sells his produce largely in the village itself. The traders from cities also come to the villages for collecting produce or make their purchases at the village through their agents. In this method of sale the farmers are saved of the botheration of having to take their produce to distant markets, though they may get lesser prices for their produce than they would get if they sold them in markets situated in cities.

There are weekly or bi-weekly markets in central places covering a group of villages. The farmers bring their produce to these markets on fixed dates and sell to traders who come to make purchases.

The large-scale producers normally bring their produce to bigger cities for sale which enable them to get a higher price for their produce by avoiding the middlemen.

#### STRUCTURE OF THE MARKETING COOPERATIVES

In most of the countries of the Region the structure of marketing cooperative movement is of federal type, but pattern of organisation is not uniform. Generally, however, it is three-tiered. The primary societies cover a village or a group of villages. These societies are federated at district or regional level. The districts or regional federations are further federated into apex organisations at the state or national level.

REASONS FOR HIGH COST OF MARKETING

As pointed out earlier the farm produce has to undergo a chain of processes which are together termed as marketing before they reach the hands of the ultimate consumer. These processes are essentially productive, for production is the creation of utility. What the farmer produces on the farm is only the raw material. It is the marketing process that adds form, place, time and possession utility to them. Obviously this complicated process of marketing adds to the cost of the product as much as it adds to the utility of the product. Surveys conducted in the United States of America showed that on the average as much as 57% of what the consumer spends on food items goes for marketing charges and only 43% goes to the farmers.

A table showing producers' price, distribution cost and retail prices of some agricultural produce in Japan is given below.

PRODUCERS' PRICE, DISTRIBUTION COSTS AND RETAIL PRICE  
OF FRUITS & VEGETABLES IN JAPAN FOR 1965 GIVEN IN PERCENTAGE

	Producers' price	Transport	Packing	Agril. Coop. Commi-ssion	Whole-sale Commi-ssion	Whole-sale price	Retailers' margin	Retail Price
Radish	42	10	1		5	58	42	100
Chinese Cabbage	34	25	2		6	67	33	100
Cucumber	64.8	1.9	3.7	1.6	6.7	78	21.3	100
Apples	46	7	12	3	5	73	27	100
Orange	61	4	5	2	5	77	23	100
Peas	40	5	13	1	4	63	37	100
Grapes	59	2	6	1	5	73	27	100

The share the farmer gets from the consumer's rupee also varies from one commodity to the other. This is because the marketing of some products is more complex than the others. For instance, the farmer's share of what consumer spends on bread is much lower than his share of what consumer spends on rice.

The fact that marketing adds to the price of commodities should not be a reason for complaint by the farmers or for that matter by anybody else, as it is an essential part in the process of production as much as the activities that goes on in the farm. However, considering the substantial part of the consumer rupee that goes to pay the marketing charges, it is an area where attempts should be made to effect economies, not only to increase the farmers share of the consumer's rupee but also to bring down what consumer has to pay for his food.

Agricultural commodities by their very nature are more costly to handle than industrial goods. Following are some of the reasons for this high costs of marketing of agricultural produce arising out of the nature of the agricultural produce as well as other factors that influence their marketing.

#### Bulkiness

Most of the agricultural produce are bulky in relation to their value. Hence they require more space in storage and transport which would tend to increase the marketing cost. The labour charges for handling is also high as payment for handling has to be made on weight and volume and not on value.

### Perishability

The perishable nature of agricultural commodities make it necessary to have special arrangements for storage, transport, etc. Produce has to be moved from the farm to the market swiftly and special conditions for storage like refrigerated warehousing may be necessary. The spoilage and deterioration on storage and transport are greater.

### Seasonality

Farm output is seasonal in character. But the demand for them, at least for certain commodities like foodgrains, are relatively steady throughout the year. This makes it necessary to store large quantities for long periods to balance the seasonal production with throughout the year consumption demand. In case of commodities that are produced and consumed in particular seasons they require storage and other facilities that may not be used during the rest of the year.

### Localised nature of production

Particular crops can be grown only in particular areas while consumption is widespread. Mostly they are grown in places which are distantly away from the population centres. These situations necessitate long distance transport of agricultural produce.

### The small size of the farm

Usually farms in the countries of the Region of South-East Asia are small. Therefore, each farm-hold has only small quantities of marketable surplus. The collection and assembly of these small lots from scattered farms become a costly affair.



Lack of uniformity of cropping

Often it is found that number of crops are grown in the same area. Even when one crop is grown there may be several varieties. This makes their collection, grading and storage complicated and expensive.

Lack of well-developed infrastructure

The difficulties encountered in transportation of agricultural produce from scattered farms are also a contributing factor to the high cost of marketing. Much go waste due to the delays in moving the produce to the consuming or processing centres.

Competition

Competition among various agencies that are engaged in marketing activities is yet another reason that makes marketing costly. Due to the competitive nature and the existence of multiplicity of agencies in the field and the maintenance of various facilities separately by them, full utilisation of these facilities do not take place, thereby increasing per unit overhead expenditure for the marketing operations.

WAYS OF REDUCING COST

It was pointed out earlier that a substantial share of the consumers' rupee goes to pay the marketing charges and the share that goes to the farmer is small. However, it is necessary to point out that the important thing is not the size of the share the farmer gets, but the total return he receives and its relation to his cost of production. Therefore, efforts have to be made to reduce marketing cost not merely to reduce the share that goes to pay the marketing charges but to increase the farmers

returns while keeping the consumers price as low as possible. It is also important to note that as standards of living of the people improve, there will be an increasing demand from the consumers for more processed and elaborately packed food items, which tend to increase the marketing cost. These demands have to be met and these processes cannot be avoided in order to reduce the marketing cost.

#### Organisation of Cooperatives

The first step the agricultural producers need to take in reducing marketing cost is to organise marketing cooperatively as it is only then that they can exercise a control over marketing operations of their produce. The organisation of marketing cooperatively will result in deriving the advantages of economies of scale as it would enable the pooling of resources in maintaining various facilities necessary for large-scale marketing operations and their utilisation to the maximum extent thereby reducing the overhead cost.

The organisation of cooperative marketing has taken place under two situations.

- a) to provide facilities of marketing where these functions were non-existent.
- b) to provide an alternative to the private trade, where marketing services were performed solely by the private traders.

In situations where facilities for marketing are non-existent the need of organising marketing cooperatives need no explanation.

It is of course hard to find areas where some sort of facilities for marketing are non-existent though they may be inadequate. However, there are areas where no organised marketing facilities are available for certain commodities.

Where facilities for marketing are provided solely by the private trade, need for cooperative marketing arises firstly because of the defects and malpractices in the private trader monopolized marketing system. Private traders as mentioned earlier have entrenched themselves in the marketing business in most of the countries in the Region and they have their own trade channels and through an integrated structure of their own, control the market and manipulate prices. They use money lending as a tool to gain control over farm produce. The farmers who are eternally indebted to the traders hardly have any bargaining power and are almost compelled to surrender their produce at whatever prices traders fix for them. The All India Rural Credit Survey Committee, describing the powerful position of the private trade in India with regard to marketing remarked, that, "Often enough, the cultivators' position is that of having to bargain if he can, with someone who commands the money, commands the credit, commands the market and commands the transport". Under these circumstances cooperative marketing is the best solution if not the only solution to salvage the farmers from the clutches of the private trade. The proper and efficient organisation of a cooperative marketing system will help the producer to obtain a fair price for produce by reducing the price spread between the producer and the consumer.

Other reasons in favour of cooperative marketing may be enumerated as:

- a. It not only supplies and alternative to private trade but also disciplines the private trade.
- b. It educates and trains the farmers in business.
- c. It helps the consumer by way of comparatively low prices by eliminating middlemen.

- d. It helps to make the plan of agricultural production more effective by making agriculture a profitable pursuit and encourage the farmer to produce more.

#### Integration - Vertical and Horizontal

An examination of the present status of the marketing cooperatives in the Region would suggest that there is a great need for both horizontal and vertical integration of marketing cooperatives, as much as, if not more than, in the other sectors of the movement. The vertical integration and the creation of economically viable units will enable the society to employ well qualified and better trained personnel in their management which is essentially a pre-requisite for effective management. It will enable the societies to derive the benefits of economies of scale by being able to handle larger quantities of commodities. This will also avoid unnecessary competition which results in wastage of limited resources.

The vertical integration of the marketing cooperatives into unions will bring about better cooperation and coordination among individual cooperatives. The union will be in a position to handle more complicated, specialised and heavy capital consuming activities like processing which individual cooperatives may not be able to handle.

#### Engaging in Supply of Agricultural Inputs

It is important for marketing cooperatives, to undertake supply of agricultural inputs. Apart from the fact that it is easier for the agriculturists to draw their supplies of agricultural inputs from the same society, there

are several economies that could be effected by combining the functions of marketing and supply in one society. For instance, considerable saving can be effected in transport by combining the delivery of the agricultural inputs to farmers with the collection of agricultural produce from them.

#### Integration of Marketing and Credit

Prior indebtedness of the farmers to private moneylenders have been an obstacle to the progress of the cooperative marketing. The farmers are compelled to sell their produce to the private traders due to their indebtedness to them and are unable to bring their produce to the cooperative marketing societies, even if they are willing to do so. This deprives the cooperative marketing societies a substantial portion of their agricultural produce and in certain cases may not get sufficient quantities necessary for efficient marketing. To overcome this, marketing societies should extend credit to their members for production purposes, at least in places where facilities for cooperative credit is absent or inadequate.

#### Dealing in all agricultural commodities

The farmers who deal in number of crops may find it difficult to deal with number of societies. Handling of marketing of all crops grown by the farmer members by one society will undoubtedly contribute to the reduction of marketing cost by facilitating easy collection and payment for them and the common use of the facilities necessary for marketing operations. Wherever it is necessary to employ special methods for collection storage, etc. of different commodities and where specialised knowledge is necessary the cooperative marketing societies may set up different sections to handle different commodities but under one coordinated management.

Linking of marketing cooperatives  
with consumer cooperatives

Creation of an effective link between marketing cooperatives and consumer cooperatives at various levels is yet another field that must attract the attention of both marketing and consumer cooperatives. Such an effective link would be beneficial to both types of societies. The marketing societies will find an assured outlet for their produce and may be able to bring about considerable reduction in marketing cost by directly dealing with the consumer cooperatives. The consumer societies can feed the marketing cooperatives with market information regarding consumer preferences, etc. which they can pass on to the agriculturists so that they can adjust their production plans in the long run to suit the consumer demand. The consumer societies will have a direct access to the sources of production. Therefore it is in the interest of both these types of cooperatives to have closer coordination and cooperation among themselves.

Uniformity in production

Growing of multiplicity of crops and different varieties of the same crop in the same area make their handling difficult and costly. For instance, if different varieties of paddy are grown in an area covered by a single marketing society it becomes difficult for the society to arrange for their collection, grading, storage and processing. This is an area where farming guidance as well as marketing intelligence services of the cooperatives have important functions to perform. Agriculturists must be properly guided in the desirability of growing fewer and if possible one variety. The selection

of the varieties should be based on consumer preferences.

#### Grading

Grading is another area which must get adequate attention of marketing cooperatives. When agricultural produce is not graded into different qualities they fetch low prices and thereby not only reduce the total return to the agriculturists but also increase the per unit cost of marketing in relation to their value.

#### Storage and transport

Storage and transport are some of the major factors that influence the cost of marketing. Greatest possible care should be exercised in those fields to ensure efficiency. Packing of agricultural produce in good containers to avoid their wastage and deterioration on storage and transport is very essential. As far as possible cooperatives should have their own storage and transport facilities.

#### Processing

Processing is the single stage that adds the greatest utility value to the agricultural produce and in most cases largest costs in the marketing process is involved in this stage and any agency that wishes to exercise control over marketing operations must have an adequate control over this activity. Therefore, it is necessary that marketing cooperatives must have processing units as an adjunct to the normal marketing operations. The marketing cooperatives which would have experience in handling the agricultural produce in the raw form can utilise that experience in setting up processing plants.

Undertaking of processing activities, for instance, in case of paddy will not only help the agriculturists in getting a higher margin for their produce but also in reducing the transport and storage cost.

#### Modernisation

A large part of the cost of marketing is also attributable to the cost of labour. Methods of reducing labour cost by introducing modern machinery and labour saving gadgets in all stages of marketing have to be employed if this cost is to be reduced. It is not only in reducing labour cost that modernisation becomes essential. Even to enable the handling of increasing production and increasing demand for finished product by the consumers whose standard of living is steadily improving, introduction of modern machinery becomes necessary. Proper training of labour is another way of reducing per unit cost of labour.

#### Efficient organisation

The need for efficient organisation of marketing activities at all levels and stages as a surest means of reducing cost needs no emphasis. In this respect the organisational structure of the marketing cooperative movement as a whole as well as that of the individual marketing cooperatives need to be examined. In a federal type of structure that exists in most of the countries in the Region, the cooperative organisations at various levels should only be allowed to exist if they perform useful functions in the effective discharge of marketing operations. Duplication of efforts has to be carefully avoided, lest they add unnecessarily to the cost of marketing. Creation of number of organisations at various levels may result in unnecessary movement of stocks and extra handling cost. In the absence of a proper organisation of the cooperatives the extension of the cooperative principle into the marketing business will only court failure and frustration.

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ROLE OF COLD STORAGES IN FOOD  
PRESERVATION AND PRODUCTION.

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BY: S. R. Bajaj,  
Technologist(Ref).,  
National Cooperative  
Development Corporation  
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To-day our country is facing great shortage of food and, therefore, it is the duty of every citizen of this country to give top priority to the question of solving food shortage in the country. Growing more alone will not solve the problem unless we take necessary steps to stop the wastage and spoilage of foodstuffs available to us. The rate of deterioration and spoilage of perishables like fruits and vegetables, eggs, fish meat, etc. is very high under tropical conditions which are prevailing in our country. Millions and millions of tonnes of these perishables get wasted every year because of lack of proper storage facilities. This lack of storage facilities cause glut of these commodities in the market during the peak period of supply which results in very low prices during that period and very high prices in the off-season, when these commodities are in short supply. In order to avoid this, it is very essential to have adequate cold storage facilities for these perishable commodities so as to eliminate spoilage and wastage of these products and also to maintain a regular supply of these items to the market so that more or less uniform prices may prevail throughout the year. With the availability of modern farm implements, chemical fertilisers, irrigation facilities and improved seed

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varieties, large quantities of fruits and vegetables are being grown in our country. But due to improper handling, transport and storage facilities, about 20 to 25% of the produce is being wasted. If this waste loss is eliminated by providing adequate storage and refrigerated transport facilities, then the food problem of the country can be solved to a great extent and there will be a great national gain too.

2. In several advanced countries, the cold storage industry has made great development and it has thus helped in proper marketing of perishable foodstuffs by preventing the wastage and giving very remunerative returns to the farmers. Although the development of cold storages in India is not as effective as in other advanced countries, yet the cold storages which are existing in our country have helped a lot in providing regular supplies of perishable food-stuffs throughout the year at reasonable rates. The available cold storage capacity in the country is not sufficient to take care of all the abundance of the peak season and, therefore, it is very essential to have more number of cold storages both at the growing/<sup>and distribution</sup>centres to ensure regular supply of fruits and vegetables with minimum wastage. A large number of cold storages should be installed in the neighbourhood of the producing areas for absorbing the produce as quickly as possible after it has been harvested. This should be combined with facilities for refrigerated rail and road transport to the consuming centres to main<sup>-tain</sup> uniform supply,

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proper distribution and reasonable price level.

3. The cold storage industry in our country is of the recent origin and has yet to be developed on modern scientific lines to meet the growing needs of the country. We have ~~xx~~ since independence given much importance to minimising food losses during storage and many a forward step has been taken to preserve food. As a result of this, the cold storage industry has made rapid progress during the recent years and the number of cold storages has gone up from 83 in 1955 to 1500 in 1973. The installed capacity has increased from 77,000 tonnes to about 1.8 million tonnes. While this development has been most welcome, it has only touched the fringe of the problem. The country needs many more cold storages of various types to store perishable foodstuffs such as fruit, vegetables, meat, fish, eggs and a vast range of dairy products.

4. As a result of various developmental measures undertaken during the last decade or so, production of fruit and vegetable is increasing in almost all parts of the country. By the end of Fourth Plan, it is expected that the production of fruits and vegetables including potatoes will reach to 30 million tonnes. The production of potatoes is also increasing very fast in this country. The total production of potatoes which was about 26 lakh tonnes in the year 1963-64, increased to 35.25 lakh tonnes in 1966-67 and further to 47.26 lakh tonnes in 1968-69. This production of potatoes is likely to increase considerably by the end

of Fourth Plan. To sustain such rise in production of perishables, steps will have to be taken for creating additional and adequate preservation facilities.

5. The share of cooperatives in the marketing of fruits and vegetables is almost insignificant mainly on account of non-availability of adequate cold storage capacity with them especially in the big markets. Availability of cold storage capacity in the cooperative sector is important from the point of view of enlarging the farmers' share in the price paid by the consumers for fruits and vegetables. There is no other logical method than this to give incentive to the farmers for more and better production of these commodities. Keeping these aspects in view, the National Cooperative Development Corporation has been emphasising for some time past the need for enlarging the scope of cold storage industry in the cooperative sector.

6. The first cooperative cold storage was set up in the country in 1955. The organised efforts for promoting this industry in the cooperative sector were, however, started only after 1962 when the Central Government took a policy decision to give financial assistance to the cooperatives for establishment of cold storages. Since then, there has been a perceptible increase in the number of cooperative cold storages and their capacity. As against 15 units in 1961-62, with 14,000 tonnes capacity

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the number of cooperative cold storages has gone up to 128 with 2.04 lakh tonnes capacity which accounts for about 11½ of the country's total cold storage capacity to-day. The growth of cold storage industry in India is closely associated with the progress in the potato cultivation. Nearly 85% of the country's cold storage capacity is at present concentrated in the potatoe growing states like U.P., Bihar, West Bengal and Punjab. Cooperatives are no exception to this. Out of 128 cooperative cold storages organised in this country so far, as many as 90 belong to these states. The cooperative cold storages are set up mainly for storing seed and table potatoes and are thus located in rural areas.

.. 7. Cold storages set up in the cooperative sector are organised either as independent societies exclusively for the purpose of storing and marketing of fruits and vegetables or as adjuncts to the multipurpose marketing cooperatives. Independent cooperatives for cold storages are organised mainly in the states of Punjab, and Haryana. In other states such as U.P., Orissa, Maharashtra, West Bengal and Bihar they have been set up as adjuncts to the marketing cooperatives.

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Out of 128 units, organised in Co-operative Sector, 80 units have been installed by September, 1973, while the remaining units are in various stages of installation and a large number of them are likely to be completed very soon. The State-wise break up of the co-operative cold storages is as under :-

State	C.S.Units organised	Capacity in tonnes	C.S.Units installed	Capacity in tonnes.
Andhra Pradesh	3	2,200	-	-
Assam	1	1,000	1	1,000
Bihar	10	15,600	7	10,700
Gujarat	3	3,400	3	3,400
Haryana	2	2,000	2	2,000
Jammu & Kashmir	2	2,000	1	1,400
Madhya Pradesh	7	12,000	4	8,000
Mysore	6	5,800	2	1,800
Maharashtra	3	2,000	2	1,000
Orissa	13	12,600	11	10,200
Punjab	16	22,700	15	17,700
Rajasthan	2	4,000	2	4,000
Tamil Nadu	1	1,250	1	1,250
Uttar Pradesh	48	97,100	22	44,600
West Bengal	8	15,400	6	10,000
Chandigarh	1	1,600	1	1,600
Nagaland	1	1,000	-	-
NAFED (New Delhi)	1	2,500	-	-
<b>Total :</b>	<b>128</b>	<b>2,04,150</b>	<b>80</b>	<b>1,12,650</b>

8. The National Co-operative Development Corporation (NCDC) provides financial assistance in the form of block loans for the establishment of co-operative cold storages under the Central Sector Scheme for financing

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small and medium sized processing units. The assistance is given outside the State Plan ceilings. Under this scheme, assistance by the National Co-operative Development Corporation is rendered in the form of a refinance facility and the initial financing is to be done by the State Government and/or Apex Co-operative Bank. It is for the State Government to decide whether the refinance would be routed through the Apex Co-operative Bank (on a State Government guarantee in favour of the NCDC) or the State Government. Unit with a block cost upto Rs.15.00 lakhs are categorised as small scale units and those with a block cost between Rs.15.00 lakhs and Rs. 60.00 lakhs are categorised as medium sized units. Margin money required for raising the working capital is considered as a part of the total block cost. The National Co-operative Development Corporation provides loan assistance upto 75% and 70% of the total block cost for the small and medium sized units respectively.

9. In the case of co-operatively weak areas, such as States of the Eastern Region, Eastern Uttar Pradesh (15 districts only), Rajasthan and 200 and odd districts identified by the Planning Commission as industrially backward, the National Co-operative Development Corporation provides loan assistance upto the extent of 80% of the total block cost for both small and medium sized processing units. The remaining amount of the block cost i.e. 25% or 20%, as the case may be, is to be raised by the society in the form of share capital from its

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members and the State Government in the ratio of 1:2 or 1:1 depending upon the total block cost of the project. However, in the case of backward areas, as mentioned above, the ratio of the members' share capital contribution to that of the State Governments could be upto 1:5.

10. In order to help the co-operative cold storages to utilise their full capacity, the National Co-operative Development Corporation has launched a scheme to provide margin money to the co-operative cold storages installed before the commencement of the Fourth Plan. Under this scheme, the Corporation assists the State Government outside their plan ceilings to an extent which does not exceed 75% of the margin money requirement of the co-operative cold storages subject to the condition that the units themselves raise the balance 25% from their members and/or in participation with the State Government as additional share capital. In the case of co-operatively under-developed areas as mentioned above, the Corporation provides upto 90% of the total margin money requirements of the cold storage unit.

11. In order to facilitate efficient marketing of fruit and vegetable by the co-operatives, emphasis was recently laid on setting up cold storages in terminal markets and the co-operatives were encouraged to do so. The National Agricultural Co-operative Marketing Federation (NAFED) is putting up a multi-commodity cold storage of 2500 tonnes capacity in Delhi. Tamil Nadu Apex Marketing Federation has installed a cold storage of 1250 tonnes

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capacity with an ice plant of 10 tonnes per day capacity in Madras City. Similarly, co-operative cold storages at Hyderabad, Poona, Jullundur, Ludhiana, Chandigarh, Ahmedabad, Patna, etc. have been organised to facilitate the marketing of perishables by the co-operatives.

12. It is very essential to expand the cold storage capacity in the co-operative sector. This is necessary not only from the point of view of restricting wastage of the perishables but also to strengthen the purchasing power of the fruit and vegetable growers. At present, hardly about 30 to 40% of the consumer price goes back to the farmer. As a result of this, incentives to produce more and better quality of fruit and vegetable are adversely affected. If this situation is to change, the co-operatives have to share much responsibility in developing this industry.



ICA/SCC NATIONAL SEMINAR IN COLLABORATION WITH  
NCUI AT VMNICM FROM 8th to 20th Oct. 1973.

PROCUREMENT OF WHEAT BY COOPERATIVE MARKETING  
SOCIETIES - A CASE STUDY OF HARYANA MARKETING  
FEDERATION.

By

Dr. C. Ojha  
VMNICM, Poona-16.

BACKGROUND :

Though Dr. Ashok Mehta, Food grain enquiry committee emphasised the need for developing proper agricultural marketing channels, the organisational work for creating proper distribution channels started only after the establishment of the Food Corporation of India in 1965. This was the first major policy change from production oriented programmes for agricultural development to market oriented approach to achieve quick economic growth. It has been realised that unless this happens there will not be any increase in the demand of goods and services due to lack of purchasing power. Profitability of any investment is determined by marketing ends and production is only a means to marketing ends. The programme of agricultural development particularly of physical expansion of output as worked out in the Third and Fourth Plans did result in making a break through in respect of production of some types of food grains particularly wheat. Major break through in production of wheat has been achieved in Punjab and Haryana through the H.Y.V. seeds. Other states also made serious efforts to achieve higher wheat production targets. This is well reflected in table No. 1 below:

Table No. 1. All India Index of production of wheat  
between 1959-60 to 1971-72  
(Value weights - 8.36) (Base: Triennium ending  
1961-62 = 100)

<u>Year</u>	<u>Production</u>
1959-60	92.8
1960-61	98.8
1961-62	108.4
1962-63	96.8
1963-64	88.5
1964-65	110.1
1965-66	93.4
1966-67	102.4
1967-68	148.7
1968-69	157.1

1969-70	180.6
1970-71	214.2
1971-72	238 0

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A high rate of increasing production naturally brought in many implications particular regarding the prices. To resume the objectives laid down in respect of procurement and price policy in the Five Year Plans, the Government started several agencies to streamline the marketing and procurement system. Elaborate arrangements for state trading were made with the establishment of Food Corporation of India. In the initial stage the percentage of procurement to net production of food grains showed increasing trend but during last two years the experiences have not been encouraging. Both production as well as the procurement figures have declined sharply. According to the latest official estimates, notwithstanding the emergency rabi crops, the total rabi wheat production would be only 30 million tonnes as compared to 36 million tonnes during 1971-72. Of this, it is estimated that about 11 million tonnes will be the total marketable surplus of which the Government has set a target of procuring 8 million tonnes. According to official reports, even after the end of the peak thrashing season, only some 2 million tonnes of wheat has been procured till the middle of May 1973. If the actual procurement is compared with the procurement target set in for the season, it will be clear that procurement effort is falling behind schedule except in Punjab. The situation to-day is more alarming in the States like Rajasthan Bihar and Madhya Pradesh. Even in the state of Haryana and Punjab which are known for their marvelous performances in previous years lagged far behind their target this year. In case of Haryana the procurement target has been fixed at 1.3 million tonnes. However, the average daily procurement

of wheat which used to be 12000 to 17000 tonnes during May in previous years dropped to only 7000 tonnes towards the end of May in 1973. Till June 9, 1973 only 36 percent of the targeted wheat has been procured in the State of Haryana.

The blames for such a state of affairs have squarely been placed on the Cooperative Marketing organisations of the country, unhealthy attitude of the traders and the negative approach of the opposition parties.

The Case Study :

In this paper we make an attempt to examine these allegations so far they are attributed to cooperative institutions. In the absence of up-to-date monthly procurement data for various states in general and Marketing Federations in particular, we present a case Study of wheat procurement operations of the Haryana State Cooperative Supply and Marketing Federation, Chandigarh, which provides a clear picture of the role played and problems faced by the marketing cooperatives engaged in this business. The case study is based on the field data obtained <sup>for</sup> Project Report submitted by DCBM officer trainee at the Vaikunth Mehta National Institute of Cooperative Management during April 1973.

Wheat is one of the major crop in the State of Haryana accounting for 16.3 percent of the total cropped area. There has been considerable increase in the production of wheat during the last seven years. The production of wheat reached the pick height of 23.42 lakhs tonnes, in 1971-72 as compared to 8.69 lakhs tonnes in 1966-67. It has been estimated that due to emergency rabi production drive during 1972-73 the total out-put of the state would be around 26 lakh tonnes of which 13 lakhs tonnes would be procured for the central pool as against the 1971-72 target of 10 lakh tonnes.

The agencies participating in procurement are Food Corporation of India, State Food and Supply Department and Haryana State Cooperative Supply and Marketing Federation.

Out of an estimated procurement of 10 lakh tonnes in 1971-72 it was worked out that the F.C.I. will procure 2.5 lakh tonnes, Haryana State Cooperative Supply and Marketing Federation 2 lakh tonnes and State Food and Supply Department remaining 5.5 lakh tonnes. Thus it is clear that the Cooperative Marketing Federation was given the responsibility as to procure 70% of the total procurement target. However, Haryana State Cooperative Supply & Marketing Federation was able to procure only 1.65 lakh tonnes of wheat against the target of 2 lakh tonnes the value of which was roughly 1.25 crores.

A study of the total quantity available as marketable surplus has shown an increasing trend. While the production of wheat in Haryana increased by 90% during 1971-72 as compared to previous years production, the market arrivals increased by 200% percent. It was noticed that the producers were selling about 80% to 90% of wheat during past harvest period as compared to 60% to 70% in the earlier years. According to another estimation, the increase in the daily wheat arrivals during post harvest seasons in some of Haryana markets was as high as 500% as a compared to the average of previous 3 or 4 years. The situation in 1972-73 is just the reverse.

In spite of all these figures, the actual procurement has been far short of expectation. How far these failures in achieving the targets could be attributed to organisational and functional weakness of the cooperative marketing system? The general expectations are that if cooperative marketing of agricultural product is managed properly and efficiently, it will help in reducing the price spread between, producer and final consumer and thereby ensure better return to the

primary producers without affecting the interest of consumers at the same time and with stand the monopolistic tactics of pressure groups of the consumers.

Organisational set-up of Haryana State Cooperative supply and marketing federation:

Haryana State Cooperative Supply and Marketing Federation came into being in the month of November 1966 and renders useful services to the farmers of the state through mandi level and district level marketing societies.

There are 82 marketing societies in the state of Haryana of which 65 primary marketing societies are affiliated with Haryana State Cooperative Supply and Marketing Federation. Apart from this there are 7 district level wholesale Cooperative Marketing Societies. The remaining 17 out of 82 could not be brought under common cadre scheme because of managements disinclination and also because few of them are dormant and under liquidation.

The State Government fixed a target of 2 lakh tonnes for central pool to Haryana State Cooperative Supply and Marketing Federation for the Central pool during 1971-72. There are three main agencies of procurement, the F.C.I, the Food & Supply Department of the Haryana State and the Haryana State Cooperative Supply and Marketing Federation. Separate week days and list of mandis has been prescribed for effecting purchase by each agency. Government also issued specific instructions to supervisory Staff to make sure that the purchases are effected in the mandis on the days allotted to the concerned agencies so that farmers are not put to any inconvenience in the disposal of their produce. The procurement price for FAQ (Fair Average Quality) wheat offered for sale by the farmers is fixed at Rs. 76/- per quintal which varied between rupees one and rupees two according to the grade below. FAQ. In no case the price

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could exceed Rs. 76/- per quintal. There is no range of procurement price as has been the case in previous years.

In the federal structure under which the Cooperative Marketing Societies are functioning in the State of Haryana the primary Cooperative Marketing Societies actually undertake marketing operations for which the federation pays Rs. 0.50 paise per 100 rupees as commission for the purchases of wheat for the Central pool. The Federation does not interfere into day-to-day working of the Societies but link is maintained through the district managers/field inspectors appointed by the Federation to supervise the procurement operations.

All other prerequisites required for the purpose of storage system is to be arranged by the society. Mandi charges which are incurred by the societies would be the same as approved by the Food & Supply Department of Haryana. Incidental charges are paid at the rate of 0.85 paise per quintal for wheat despatched by rail.

Finances for procurement programmes:

The Cooperative Marketing Federation obtains the following types of finance from external sources.

- 1) Advances on pledge of goods.
- 2) Advances on hypothecation of goods,
- 3) Advances on clean basis.
- 4) Ad hoc loans from banks on guarantee of Government or from Government itself.

As the requirements of finance under the procurement programme is very heavy, the Haryana State Cooperative Bank alone is not in a position to provide all the working capital needed and hence other commercial banks have also entered the field. These Banks provide loans to the Federation at the rate of  $8\frac{1}{2}$  percent with Government guarantee and the Government on the other hand charges

another  $\frac{1}{2}$  percent for standing surety. Thus the Federation has to pay 9 percent interest on the loans obtained for the procurement,

Financial Implications of the procurement programme.:

The financial implications involved in the procurement could be well explained if we estimate the financial requirement in relation to the targeted quantity of Procurement assigned to the Haryana State Cooperative Supply and Marketing Federation. An estimation is presented below in table No. 2.

Table - 2.

Financial requirements under the procurement programme:

Year	Target allotted (in thousand tonnes)	Financial requirements (Rs. 76/-per quintal)
1968-69	25,000	1.90 crores.
1969-70	75,000	5.70 crores.
1970-71	1,25,000	9.50 crores
1971-72	2,00,000	15.20 crores,

It is apparent that the total financial requirement under the procurement programme which was only Rs. 1.90 crores in 1968-69 went up to Rs. 15.20 crores in the year 1971-72. The Haryana State Cooperative Bank could hardly handle such a big financial commitment.

Procurement performance :

Progress of procurement of wheat in relation to production and targets fixed for procurement and actual achievements, are presented below : (see on page no 8/-)

Table 3.

Targets and achievement of procurement by Haryana State  
Cooperative Supply & Marketing Federation.

Year	Targets in tonnes	Achievements.	
		in tonnes.	Value
1968-69	25,000	25,000	1.90 crores.
1969-70	75,000	69,000	5.24 crores
1970-71	1,25,000	1,10,000	9.50 crores
1971-72	2,00,000	1,65,000	12.54 crores.
1972-73	4,00,000	N.A.	N.A.

It is quite clear from the above figures that though the performance of the Haryana State Cooperatives Supply and Marketing Federations has been significant, it has failed to keep pace with targeted figures. Achievements in relation to target fixed shows a continuous short fall. There is a tendency of wider gap in achievement in relation to increase in targets fixed the total value of wheat procured was of the order of Rs. 12.54 crores in 1971-72.

There has been numerous reasons for this non fulfillment of targets by the Haryana State Cooperative Supply and Marketing Federation. While some of the factors were of general and operational nature some new elements have entered as a result of the State trading in food grains from the rabi season of 72-73, some of the special factors are indicated below.

1) High procurement targets in relation to production of wheat.

It has been found that generally the estimated figure of wheat production are on higher side than the actual production. This results in fixation of proportionately higher procurement targets for various agencies in subsequent years without eliminating the factors for low procurement during previous years.

2) Less arrival of wheat in Mandis than anticipated:

Due to variety of factors the actual arrival of wheat has been less in Mandis than anticipated. This is particularly true in case of procurement programme for 1972-73, ~~Before~~ implementing the State take over of wheat trade, precious little work has been done to prepare, the farmer, the consumer and other related parties. This resulted in holding of stock by the farmer. Even in a country like China the unified procurement and marketing scheme did not succeed till the political cadres entered the operation, classified the producers in to various groups and then resorted to different strategies for procurement in respect of different groups of farmers.

3) Differential price system and the partial take over.

It is well known that Indian farmers are more return conscious. State trading in food grains has only been partial covering for the time being wheat only and leaving out other crops. This created scarcity situation of coarse variety of food grains which gained in price lead over wheat and placed the farmer in a most strange situation. In Punjab and Haryana, Gram and Barley prices during early May 1973 was Rs. 130 and 140 and Rs. 100 and Rs. 110 per quintal respectively compared to Rs. 80 and Rs. 50 last year. The wheat, under the procurement programme was being demanded from the farmer at the rate of Rs. 76 per quintal and so naturally the farmers were reluctant to sale at Rs. 76/-

4) System of kind wage payments:

In the rural areas of Haryana monetization has yet to replace the traditional method of kind wage payment. The price of wheat going below the price of coarse variety of grains, wheat has become the main grain for wage payment. This resulted in with holding of larger quantity of wheat by the farmer.

5) Smuggling of wheat to the neighbouring States :

In spite of the best efforts by the Haryana Government wheat is being continuously smuggled to the neighbouring states, due to wide disparity between Market price and procurement prices offered to the farmer.

6) Attachment of farmers with the private traders

The private traders in the state of Haryana advance pledge loan to small and big farmers on the condition that they will market their produce to them. Such small farmers, though they are members of the marketing societies are not loyal and they sell their produce to the private agencies. The marketing societies, do not advance these small farmers any pledge loan and even when the sale - affected through the marketing societies the payments are delayed. The private traders pay the farmers immediately.

7) Small farmers problems in marketing

The surplus available with the small farmers is small and hence they do not find it profitable to carry their produce to the mandis or marketing societies and hence they prefer to sale their produce to the middle men. There is no machinery with the Cooperative Marketing Societies to collect the small surpluses from small farmers.

Problems faced by the Federation & suggested recommendations.

The reasons of the unsatisfactory performance of the Haryana State Cooperative Supply and Marketing Federation could be attributed to a variety of factors. Some of the problems may be classified as organisational problems and the other as operational problems.

Organisational problems. :

Most of the staff related with procurement programme are on deputation from the Government who hardly put in their mind and sole to the Cooperative purpose. They do not show the same degree of keenness towards their job as is expected

under such a programme.

2) The officers appointed at federal level are mostly untrained personnel without any background and skill in Cooperative Marketing.

3) At the field level, there is little co-ordination between procurement officers/inspectors on the one hand and the representative of the cooperative marketing societies on the other. Lack of co-ordination between representatives of Apex institution and that of primary level personnel often leads to inefficient handling of the procurement programme.

Operational problems:

1) Lack of communication between Apex level and district level/Mandi level societies.

While there is some consultation between the Federation and the Government regarding the procurement target assigned to it, particularly no communication exist between the Federation and district level/mandi level societies in the matter of fixing the targets. Societies are not actually involved and they feel that the targets are imposed on them. What happens, that after consultation between F.C.I. and the Federation a target is fixed and the same is distributed amongst various district level/mandi level societies in an arbitrary manner which are generally based on some very crude assumption of mandi arrivals. A more realistic approach is required in this respect.

2) Lack of proper storage facilities : A number of operational difficulties are being experienced due to lack of sufficient storage facilities. The notice of actual procurement allotment is communicated so late to the societies that they find it difficult to hire even private Godowns and hence they go slow. This also leads, to the storage of procured wheat in <sup>un</sup>suitable conditions.

3) Delay in making payment to producers by societies:

It has been found that small producers are reluctant (even though they are members of the Societies) to sell their produce to the societies because of the delay in effecting the final payment by the marketing societies. While the traders pay the producers on the spot, it has not been possible for the society as it has to undergo many procedural formalities. Though in principle the Federation has made arrangements for effecting payment within 24 hours through Bank drafts, in practice, it takes some time for the society in cashing the money to make necessary payments to the farmers.

4) Labour problems: The marketing societies in

Haryana enter into an annual contract with the labourers as a measure of security to ensure timely supply of labour, but due to very rapid rate of increase in mandi arrivals and competition between various agencies regarding procurement, has resulted in increasing the wage rate. The private traders have been attracting the labourers through increase in wage rates where cooperative marketing societies have found it very difficult to compete with increasing wage rates and enter into fresh contracts. This particular factor has affected the working of these marketing societies who are entrusted with the task of procurement and despatches. Limited supply of labour makes it quite difficult for them to carry out both the assignments.

Recommendations:

While it is well within the limits of the federation to make necessary procedures and administrative improvements, the problems relating to policy matters should be discussed jointly by the Haryana State Cooperative Supply and Marketing Federation, Food Corporation of India and with the State Food Supply Department.

1) In the fixation of procurement target assigned to the Federation a realistic approach should be adopted considering the resources and limitations of the Federation. 12/54

The Federation on their part, while allotting the targets to marketing societies should consider the individual cases in the same manner.

2) The federation should try to built up its own sound administrative cadre and should be less dependent on officers/staff hired from other departments.

3) The Federation may consider setting up technical cell at the head office and at regional branches. The function of this technical cell will be to provide proper guidance relating to procurement, storage, packing etc. The cell may also be asked to make proper assessment of the procurement capacity of the societies to help in working out a realistic target for procurement.

4) Co-ordination between field staff at various level should be achieved. It has been observed that due to lack of coordination between the field staff appointed by the federation and those appointed by the societies the procurement programmes has to face a number of difficulties.

5) Improvement in storage facilities : In this connection there are mainly two problems : (a) there has not been sufficient time lag between the allocation of procurement targets and instructions for hiring of additional godowns. (b) the procurement targets for various societies are generally fixed or increased without making proper assessment of storage facilities available in the area. This creates operational problems at the field level.

6) Financial powers be given to District Managers.: At present the payment regarding the purchase bills is made by the Federation directly to the societies. This results in considerable delay in effecting payment to the societies to the dissatisfaction of the producers. This arrangements should be changed in such a manner that all the payments are made through the district managers in order to avoid delay.



7) Handling of labour problems : The problem of labour shortage could be handled through the mechanised system of transportation and other market operations. Action should be taken to promote labour cooperatives which should be provided with necessary funds from the Apex Cooperative Bank in order to purchase transport machineries, such as trucks etc. Secondly, societies should be encouraged to enter into labour contracts for at least two years and they should be free to offer market wage rates. The Federation should think of sharing part of such additional cost involved in procuring labour.

Policy reorientation in the interest of procurement and State trading

1) The policy of partial State trading of food grains should be reviewed, particularly, in the light of its impact on other food grains prices which are not under take over programme.

2) Effective methods should be evolved to maintain price parity of take over grains and that with the coarse variety grains. For this a network of fair price shops not only in the cities but in the villages also be set up for distributing a part from food grains, all the other essential commodities of community consumption.

3) The Government should take effective measure to see that the F.C.I. Inspectors and private traders do not play hide and seek with public interest. Instances have come up where the F.C.I. Inspectors have arbitrarily rejected a particular marketed stock of farmers and the same was ultimately purchased by the private traders few hours later at a lower price.

4) Purchase of inferior stocks of farmers. : After the state take over of wheat trading the farmer is left with no alternative but to sale his produce to the Government or its agents. However, for such purchases the qualities are specified, hence the damaged, wet or inferior stock are rejected. This puts the farmer in a very difficult position

by way of economic loss. The damaged, wet or inferior stocks of the farmers should not be refused but should be purchased by the Government agents such as cooperative societies at a reasonable price. If such stocks cannot be used for human consumption it may be purchased as poultry or animal food. This will save the farmer from economic loss and psychologically prepare them to sale the good stuff also to the Government.

5) The procurement price policy should insure a fair return after deducting the cost of cultivation. This is also necessary for making increased farm investment by the farmers.

6) A phased programme should be worked out for handing over the entire marketing operations of wheat to the cooperative institution. Under the Australian system although there is wheat Board the Primary Cooperative Institutions play vital role in channelizing the surplus from farmer to the Wheat Board. The same system could well operate between F.C.I. and the Marketing Federations in various states.

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## SUPPLY OF AGRICULTURAL INPUTS IN INDIA

### - The Role of Cooperatives -

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#### Introduction:

It has been adequately proved that provision of agricultural inputs to farmers in time and in the required measure can bring about a substantial increase in the agricultural output. In a country with a large agricultural sector, need for a streamlined organisation for the efficient supply of agricultural inputs to farmers, therefore, assumes special significance. There appears little scope for additions to agricultural production through traditional methods of farming. Sustained agricultural developments can be secured by intensive use of new agricultural inputs in an innovation manner. It is true that a well planned and guided research in the field of genetics, chemical technology and soil sciences would be a pre-condition for requiring the Indian farmer to adopt modern cultural practices. The United States of America, Japan, Mexico, Taiwan have shown that in a number of crops, almost 100 per cent increases can be achieved as a result of continuous research in the agricultural field particularly, through uses of modern inputs. For example, rust resistant, highly fertiliser responsive seeds etc. have been evolved over the period there, contributing significantly to increase in production.

In India too, researches are going on in various aspects of agriculture, but still vast areas have remained unexplored and even the results of researches already made, have yet to reach the far-off farms. Wide-spread use of improved variety of seeds (HYN),

supported by intelligent use of chemical fertilisers and pest control chemicals, can deliver maximum results. In a tradition-bound agriculture, efforts will have to be concentrated on developing new lines of approach for diffusion of knowledge, concerning cultural operations and for creating congenial environment in favour of their adoption, so that production can be increased and benefits obtained from overall application of these inputs.

Sufficient Experience:

Cooperatives in India have been engaged in this task of distribution of agricultural inputs, viz., fertilisers, seeds, pesticides, implements etc., for a decade and a half by now, and have gained sufficient experience. A formal structure, with the National Cooperative Marketing Federation at the top, 21 State level marketing federations, 159 district marketing societies, 3,261 primary marketing societies covering all the secondary markets in the country and supporting about 1.62 lakhs primary agricultural societies at the village level - is existing in the field today. The basic objective of this pyramidal structure has been to institutionalise the process of marketing and supplies in an integrated manner right up to the village level. The system is intended to secure both economic viability and social objectives. Appropriate crop production credit policies are intended to facilitate implementation of the policies and schemes pertaining to agricultural inputs, under the Plans. The progress recorded by cooperatives in this area of business can be seen from the following table :-

....3..

(Rs. in crores)

Item	Years			IV Plan Target
	1966.67	1969.70	1970.71	1973.74
1. Chemical fertilisers	114.37	232.49	249.78	450.00
2. Improved seeds	25.53	23.19	39.49	50.00
3. Insecticides	17.69	19.76	17.71	50.00
4. Agro-implements	5.44	5.72	10.41	15.00
Total	163.03	281.16	317.39	565.00

Despite this progress, it is becoming increasingly necessary to strengthen the cooperative institutional structure operating at various levels, especially, the cooperative institutions engaged in distribution activities at the mandi level and the village level. These cooperatives need to be strengthened both organisationally and financially to improve their capacities and efficiency for handling increasing business in the immediate future, in response to the growing demand at the grass-root level. In addition, there have been certain changes in the government policies with regard to inputs business, bringing in agencies other than cooperatives also in the field (the multi-agency approach). All the same, state partnership in share capital of cooperatives is there. Assistance for construction of godowns, appointment of managerial staff, the purchase of transport vehicles etc., has been available to cooperatives from the government and government agencies like the National Cooperative Development Corporation. Since the business pertaining to supply of inputs is essentially a technical activity, the national and state level marketing federations in particular are also being enabled to set-up technical and promotional cells which include among others, experts

in agricultural inputs, storage, etc. Cooperative marketing staff functioning at various levels of the system is also being trained in commercial operations of various activities concerned with supply of inputs.

These measures have no doubt helped the cooperatives to record encouraging progress from year to year. For example, the cooperatives which distributed agricultural inputs worth Rs.35.7 crores in 1960-61 reached a level of Rs.317.3 crores by 1970-71. All the same, the multi-agency approach enforced with the official support has brought a significant change in the scene.

Fertilisers:

Performance of cooperatives in regard to supply of fertiliser in particular, have been quite impressive. The number of retail depots opened by cooperatives in 1961-62 was 32000 and by 1970-71 it had gone up to 36437 (it is, however, true, in 1966-67 the number of retail points was 54,603, but with the removal of cooperative monopoly in regard to fertiliser marketing in the face of competition from the private trade, the cooperatives had to reduce the number of retail points to be able to withstand the competition. The decline in the existing retail points with a view to rationalising the supply system.

With the change in policy in 1966-67, in accordance with the recommendations of the Sivaraman Committee on Fertilisers, earlier consignment facilities given to cooperatives have been progressively withdrawn and cooperative wholesalers are now expected to arrange on their own procurement of fertilisers in competition with the private and

public sector agencies. The supply of improved fertilisers mostly imported, has also been dwindling as correspondingly more and more indigenous fertilisers are being made available by the Indian manufacturers. (There, however, are still not available in adequate measure). Since cooperatives are now expected to make their own arrangements through direct negotiations with the manufacturers of chemical fertilisers, it is time, the cooperative marketing and supply structure of the country works in an integrated manner in order to secure economies of scale and better terms and conditions from the producer, especially in the face of competition they are required to face from other agencies conducting fertiliser business. By the end of the IV Plan, share of cooperatives in the supply of fertilisers is expected to be of Rs. 450 crores. The total estimated distribution of fertilisers is expected to reach a level of Rs.900 crores. At the same time, it has to be noted that with the entry of private trade the share of cooperatives has been affected, bringing it down from 72 per cent in 1965-66 to about 60 per cent in 1970-71. As stated earlier, the private traders have been operating up to the railhead points while the cooperatives have to reach up to the village level, at extra cost on transport storage etc. Keeping in mind the nature of competitive business, perhaps, the cooperatives will have to live with this basic handicap and will have to devise other measures in order to bring down the impact of the extra cost on business prospects.

Adjustment:

All the same, cooperatives seem to be picking up in many areas through suitable adjustment in their policies regarding production, procurement, distribution, pricing, margin sharing ,



sales promotion etc. With about 2500 sub-wholesalers and 36,000 retailers, accounting for 60% of the fertilisers business in the country, the cooperatives can be described as the single largest institutional agency in the country today. The cooperatives have particular advantage of linking inputs with supply of production credit as a result of extension of the crop loan system and of facilities to reach upto the village level (despite the handicap described earlier). The Government which is anxious to help the agriculturists in the matter of agricultural inputs, would have to keep this background in view and justifiably help the cooperative agencies to meet the situation to overcome some of the natural handicaps of inputs business. The need for a review of this account is recognised and it is now proposed that the States should select 4 centres in each district - not connected by railway, but which could be recognised as central road head points for purpose of FDR deliveries of pool fertilisers. Here at the same time, it needs to be observed, even with regard to supply of pool fertilisers, that cooperatives have to experience difficulties in that the pool fertilisers are allotted by the centre to the State Governments who redistribute them among the state marketing federations, agro-industries corporations, departmental agencies, private traders etc. Thus, the monopoly of cooperatives in handling pool fertilisers is also practically coming to an end, as they are allotted these fertilisers along with other agencies in a reduced measure, unlike in the past

As to the procurement of non-pooled fertilisers from private/public manufacturers, the cooperatives, inspite of their negotiated agreements have been experiencing difficulties in getting popular

varieties from some of the institutions. The difficulties mainly relate to adequacy, timeliness of supply and terms and conditions of delivery. There has been some improvement in recent years in the procurement of potash as a result of the reorganisation of the India Potash Ltd., giving share participation to cooperatives (Rs.9.30 lakhs) with due representation on its board.

In addition, the cooperatives have been enabled to setup about 19 fertiliser granular plants for promoting use of balanced fertilisers. Their number is likely to be 21 by the end of the IV Plan, with the production capacity of 78 lakh tonnes of MPK granular fertilisers. Problems of some of the existing units pertain to the procurement of raw-materials as stated above. By end of 1972, 17 units were in production.

Structurally in some states apex marketing federations were not involved in the business of fertiliser distribution (e.g. Maharashtra and U.P.). In view of the advantages like the economies of scale, finances, administration, etc. it is considered desirable that the State federations involve themselves in the fertiliser and other inputs business in a big way, providing the necessary initiative and thrust to the input business. In absence of this, the units at the lower level will not be able to hold their own in the face of emerging competitive forces in the rural areas. Unfortunately, the cooperative marketing structure in various parts of the country is not uniformly strong and sound. Further, apart from the need to strengthen the structure, there may be necessity of introducing uniform and sound procedures pertaining to supply business from the wholesale level to the sub-wholesaler and ultimately to the retailer in the cooperative

sector. Further in the States, where 'B' component of the crop loan system has been effectively linked to supplies activity of the marketing cooperatives, the results have been quite encouraging. This can be seen in States like Punjab, Haryana, Gujarat, Maharashtra, Madhya Pradesh and parts of Tamil Nadu and U.P.

As a supplementary measure, on a selective basis, cooperatives are being enabled to set up soil Testing Laboratories on a pilot basis. Thus 5 cooperatives are to implement this scheme to start with (formulated by the NCDC in April 1970). Each unit has been given Rs. 1 lakh and it would be expected to establish direct contacts with the farmers recommending suitable fertilisers and dosages. This would also help the sales promotion activity of the cooperatives.

Credit for fertilisers:

The Reserve Bank of India was a major source of finance for fertiliser distribution by cooperatives till recently which provided credit through the State Cooperative Banks on State Government guarantee at the bank rate for a period of 6 months, up to 90% of the value of the total stocks held by the marketing agency or its agent in its name, on hypothecation basis. Recently, the RBI credit has been restricted to few States, advising cooperatives to seek accommodation in an increasing measure from the nationalised and commercial banks. The bank rate also stands raised by 2% for financing this activity. Thus, the RBI credit limits which were Rs. 424.75 crores in 1971 came down to Rs. 14.75 crores in 1972. The State Bank of India and its subsidiaries have been also providing finance alongwith national commercial banks for distribution of fertilisers, especially through the State Cooperative Banks.

Seeds:

Next to fertiliser, the cooperatives are expected to play an important role in distribution of improved/hybrid seeds. The structural arrangement, of course, varies from state to state. In some States the State Marketing Federation has been working as the agent of the state government. On the assessment made by the Director of Agriculture, it associates the constituent marketing societies with the business. In Gujarat for e.g. the apex marketing federation handles the entire work of hybrid seed production as well as distribution in collaboration with the constituent cooperatives. In U.P., the cooperatives seed stores procure seeds from the State Agricultural Department against cash payment. The idea is to make use of institutional agencies for purpose of seed, production, processing, and marketing in the country in an increasing measure. A multi-agency approach is also suggested for this purpose, apart from seed cooperatives and seed growers organisations.

All the same the cooperatives, in business seeds shows a perceptible increase from 6.8 crores in 1961-62 to Rs. 39.49 crores in 1970-71, major portion being accounted for by Bihar 98 per cent of the total seeds business was concentrated in Bihar, Gujarat, Madhya Pradesh, Mysore, Maharashtra, Punjab and U.P.

Pesticides and Insecticides:

The role of cooperatives in this business even today continues to be small and shows a downward trend. It may be mainly because of the direct and continued involvement of the State agricultural departments in this activity. Punjab seems to have evolved a systematic scheme in regard to formulation, procurement and distri-

bution of pesticides by cooperatives. It has been working well since 1967. In most of the States, the activities are taken up as the agent of the State Government. In 1965-66 the cooperatives handled insecticides and pesticides and other minor production requisites of the order of Rs. 1961 crores. Their performance in 1970-71 was Rs. 1771 crores (and had shown a fall over the years 1968-69, 1969-70). The activities were mainly restricted to five States, Maharashtra, Gujarat, Tamil Nadu, Mysore and Kerala, accounting for 91% of the business. There are today 7 cooperatives, set up for the formulation of insecticides etc. of which 3 have gone into production, and the five are at the various stages of erection.

Agricultural Machinery Implements:

Business in this regard has been mainly concentrated in the State of Andhra Pradesh, Punjab, Gujarat, Maharashtra and Mysore. The distribution of oil engines, power tillers, pump-sets, electric motors, dominated this business. The business done by the cooperatives in 1961-62 was Rs. 91 lakhs and in 1970-71 it went up to Rs. 10.41 crores. For the country as a whole, the performance was uneven. Under the schemes sponsored by the NCDC, some cooperatives are being helped to establish small scale workshops for fabrication of agricultural implements. About 13 cooperatives have been assisted under this scheme of which 5 have already gone into production. The Maharashtra Cooperative Engineering Society and Godavari Pravara Agricultural and Industrial Society in Maharashtra have taken up manufacture of diesel engines, electric motors, pump-sets, power tillers, etc.

To support these activities, cooperative agro-service centres are being set-up for servicing and repair of agricultural

machinery. The NCDC assistance is available for this purpose also. The scheme was introduced in 1968-69 and 27 centres were assisted by 1970-71. They are mostly located in Andhra Pradesh, Maharashtra, Madhya Pradesh, Tamil Nadu, Rajasthan.

Programme for the V Plan:

By the end of the IV Plan, cooperatives will be handling fertilisers worth Rs.450 crores, improved seeds worth Rs.55 crores million, pesticides Rs, 30 crores, and implements worth Rs. 15 crores. This business is likely to go up in the V Five Year Plan, during which the cooperatives are expected to handle fertiliser distribution valued at Rs. 1000 crores (against a target of Rs.1600 crores for the country as a whole), seeds worth Rs.100 crores, pesticides Rs.75 crores, and agricultural machinery implements worth Rs. 25 crores). The cooperative fertiliser factory at Kandla will go into production by March, 1974 and further 2 more complex fertilisers factories, 5 granular fertiliser mixing units, 25 seed producers' processing-cum-sale societies, 8 formulation units for pesticides and insecticides, 40 workshops for fabrication of agricultural machinery, 12 units for manufactures of tractors etc., 2 units for aerial spraing of pesticides 15 soild testing laboratories and 150 agro-service centres are proposed during the V Five Year Plan period.

For securing this growth, the cooperative marketing and supply structure would have to strengthen itself organisationally, financially, and operationally. The structure will have to be steam-lined with a view to bringing down the costs and improving efficiency. In face of competition there may be need for a redistribution of margins

amongst various tiers available in the business. The extension of the crop loan system more effectively would provide necessary support to the input business. A well trained, experienced staff, appropriately compensated, would be required for recording progress in business as expected. The equity capital base will have to be strengthened in order to be able to secure working funds from the financial agencies. Last but not least, in spite of the multi-agency approach, the State and their agencies concerned with agricultural programmes and production of inputs etc., would have to provide a more favourable support to the cooperative system in order to enable it to deliver the goods to the nook and corner of the country as desired.

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## COOPERATIVE MARKETING - REVIEWED

Dr. G.S. Kamat

### The Beginning

While we consider taking a survey of development in Cooperative Marketing and Processing since Independence, we have necessarily to date it from the commencement of the Second Five Year Plan. It is not that during the earlier period cooperative Marketing and Processing Societies were non-existent. Cooperative Cotton Sales Societies from Gujarat, Marketing Societies for jaggery, banana etc. from Maharashtra successfully existed even during the pre-Independence period, just as there must be few other exceptional cases in other parts of the country as well. Their successful operation was largely due to the awareness and foresight shown by the local leadership. In a few cases (like the then Bombay Provincial Cooperative Bank) the initiative was shown by even Cooperative Banking Organisations in organising Cooperative Sales and Purchase activities in certain areas even through their own departments for a while. Subsequently these operations were handed over to independent sale-purchase cooperative unions. But as stated earlier, the attempts were sporadic in nature and not necessarily as a part of any plan and on an integrated basis.

### The Planned Era

A planned approach towards cooperative marketing and processing for their integrated development as stated earlier was accepted by the country from the Second Five Year Plan under the policy guidelines recommended by the Committee of Experts of the All India Rural Credit Survey (1954). The importance of cooperative marketing was realised in the old State of Bombay and Madras where the crop loan or full finance system was already in vogue. Later this system was extended to the entire country under the All India Rural Credit Survey Committee recommendations when we find a deliberate endeavour being made for the organisation of marketing and processing on cooperative lines. As on



date it is estimated that cooperatives share in agricultural trade of the country has gone upto 8 to 10 percent. All the Mandis in the country stand now covered by the 3339 primary marketing societies of which 505 are organised on a commodity basis. In addition, there are 162 Central or Regional level Marketing Societies and 24 National and State level Marketing Federations (including few inter-state level federations). A substantial number of marketing societies has State partnership in their capital. 77 per cent Primary Marketing Societies have 67 per cent of the State share capital, 52 per cent of the Regional Marketing Societies have 45 per cent of the State share capital and 22 out of 24 Apex Federations have about 89 per cent of the share capital owned by the State. The strength of the marketing societies can be also measured quantitatively from the point of view of affiliation of the village societies. On an average 78 per cent of the village societies have been affiliated to the marketing societies in the country. This percentage again varies from State to State.

#### Quantitative Progress

In terms of business, the goods handled by the Cooperative Marketing Sector were valued at 599 crores. 75 per cent of this business was found to be concentrated in the states of Maharashtra, Uttar Pradesh, Punjab and Gujarat. The inter-state trade in wheat, pulses, kopra, spices, plantation crops, fruits and vegetables was also conducted by cooperatives of the order of 60 crores. And Rs. 6 crores worth of chillies, pulses, onions, pepper, deoiled cake, potatoes etc. were exported through cooperatives to different countries of the world. Rs. 283 crores of production requisites were supplied by the Marketing Cooperatives to agriculturists. Consumer goods of the order of Rs. 226 crores were reported to be sold through them in rural areas. Their storage capacity has also gone up to 2.7 million tons over the period. Quantitatively this progress might appear to be not far from satisfactory when it is seen against the period of say, 15 years. But qualitatively it must be accepted that the achievements have been not upon the expectations, particularly when sizeable quantum

of credit at concessional rate is made available to the agricultural sector through cooperative. It was reported that 50 per cent of the marketing societies were dormant. The percentage of linking of credit with marketing was also at a low level of 17 and that too mostly secured through sugar processing societies. Now it is realised that an extensive revitalisation programme for cooperative marketing is necessary. Perhaps a second look to the cooperative marketing structure would be necessary which may necessitate increase in the size and area of operation at the primary marketing societies level. The time has come to consolidate the gains already made before we set on new and over ambitious targets.

#### Qualitative Lacunae

Ordinarily, a Cooperative Marketing Organisation is expected to engage itself in the following operations. Commission business on behalf of members, pledge finance to the members, pooling, processing, supply of inputs, distribution of consumer goods, transport and storage, grading and market intelligence etc. In case of small producers, a marketing society is expected to make outright purchases within certain limits. By and large marketing cooperatives have been asked to operate as agents of the Government or of the Food Corporation of India for procuring food grains and other agricultural commodities under the Government policy of building up buffer stocks. It will be seen that very few marketing societies are concentrating on commission business. By and large, they have been pursuing the safe line of approach towards marketing of agricultural commodities. Thus, their handling of produce has been essentially either on behalf of State Government or the F.C.I. as the agency for procurement. It appears some times that they are satisfied with the fixed margin they are getting from the member organisation for the procurement operation. Till the time monopoly of fertiliser distribution continued, the marketing societies were also satisfied with the safe business of fertiliser marketing.

It must be clearly understood that the decision on the part of the Government to entrust the foodgrains procurement and fertiliser operations, was intended for enabling the marketing societies to develop experience and confidence in the handling of produce, distribution of production requisites etc. over the period and on this basis the cooperative marketing societies were expected to build up other business operations listed earlier. Unfortunately, this has not happened for various reasons (including inadequate finance and inexperienced personnel). The marketing societies have been <sup>not</sup> able to broaden their business operations, as expected. This has resulted in the emergence of what is described as a multi-agency approach since 1966. Under this approach one will notice that a number of public sector business corporations have come into being, almost for all the operations which are expected to be conducted by the marketing societies in the agricultural sector. Thus, there is Food Corporation of India for handling respective commodities, of course, in principle to operate in a complementary and supplementary manner with the cooperative marketing structure. Very soon similar corporations may come up for Jute and Sugar also. Similarly for handling of production requisites, the Fertiliser Corporation of India, the Seeds Corporation, the Agro-Industries Corporation etc. have been set up. Now in future, cooperative marketing structure will have to operate, perhaps, side by side the public sector organisations. As stated earlier, in principle there should be a desirable collaboration and co-partnership between public-sector organisations and cooperative marketing structure as both ultimately aim at subserving the interest of the agricultural sector at large. It appears that there is broad agreement about policies and guidelines at the top level of the public-sector organisations, but at the grass root level in the field, this awareness is not noticed, again, for various reasons. Thus, we come across a situation where a private trader operates as the agent of FCI side by side the marketing society. The Agro Industries Corporation, competes unfavourably with the marketing societies in regard to supply of machinery etc. Same could be

the State  
Trading  
Corporation,  
the Cotton  
Corporation  
of India

said about the other public-sector organisations, whether concerned with supply of seeds, storage etc. It appears, may be for justifiable reasons, the policy making authorities find themselves at a cross-road. Perhaps, this is the crucial stage for the cooperative marketing sector (as also for other types of cooperatives as well in their respective areas of business operations) to think about as to their ultimate role and place in the economy, particularly when they are expected to operate side by side or as agents of the State sector agencies.

### Integration

While this is true about integration of Cooperative Marketing Structure with other agencies it is equally true of integration amongst different cooperative institutions also. It would appear that in times to come if the cooperative movement is to function as a well knit system then the cooperatives operating in different walks of life must pull together. This is especially true about Credit, Marketing, Consumers and Industrial Cooperative Organisations. But it must be accepted that even today this awareness is practically lacking and the movement has to go a long way in securing this integration.

Thus, we find that cooperative marketing find itself at cross-roads. Some times it is failing for certain reasons within its control and some times and more of so because of the external situation created by the changing Government policies in programmes. While the solution for the latter will have to be sought through organised representation to the authorities that be, there is no reason why marketing societies and the structure should not take a realistic approach to the routine business operations which they are expected to conduct in the interest of their own members. In principle, there would appear to be great potential for development of cooperative marketing. What is needed is adequate mobilisation

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with the social state, met together to discover what they could do, to better their industrial conditions".

of resources of men, money and material and their fruitful  
utilisation for promotion of business on most efficient lines  
to subserve the interest of the community of members at large.

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## COOPERATIVE PRINCIPLES

by

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### Definition of a Cooperative Society

A cooperative society is an association of persons, or of societies of persons, for the satisfaction of their common economic and social needs through one or more common undertakings, based upon mutual aid and profit-elimination.

### Origin of Cooperation

The Cooperation in its broader sense is not a product of any particular land. The idea of cooperation is as ancient as human history itself. There are traces of cooperative actions in human behaviour, from the earliest period of civilization. There are numerous examples, in our society, from ancient times, where people cooperated among themselves, in performing common social functions, and each others's activities.

The idea of modern cooperation, is of recent origin, and the Rochdale pioneers can be justifiably credited, with bringing into being the modern Cooperative Movement.

The modern Cooperative Movement was started as a consumer movement, when the Rochdale Pioneers - 28 of them - inaugurated their Equitable Pioneers Society in 1844, with a meagre capital of £28 - in the midst of depression, wage cuts and unemployment.

A certain writer has described the getting together of the Rochdale Pioneers in the following words. "At the close of the year 1843, one of those damp, dark, dense, dismal, disagreeable days.....a few weavers, out of employment, and nearly out of food, and quite out of heart with the social state, met together to discover what they could do, to better their industrial conditions".

From this meeting was born, the world Cooperative Movement.

### Cooperative Principles

The principles enunciated by the Rochdale Pioneers became the guideline for the cooperators the world over. In a sense they were never being questioned nor have they ever appeared in the agenda of the ICA Congresses for discussion until in 1931, when the Congress resolved to appoint a Committee to examine "the present application of the Rochdale Principles". This Committee made its final report to the Congress of 1934 in Paris.

As a result of this report the International Cooperative Alliance recognised seven Rochdale Principles, but concluded that only four of those could be applied universally at the international level for the purpose of ICA membership.

They were:

1. Voluntary Membership;
2. Democratic Control;
3. Distribution of surplus to members in proportion of their participation in the transaction of the society;
4. Limited interest on capital.

The other three were:

5. Cash trading;
6. Religious and political neutrality;
7. Education

### ICA Commission on Cooperative Principles

ICA Congress held in Bournemouth decided to request the Central Committee to constitute an authoritative commission "to examine the present application of cooperative principles in different types of society and in different political and economic spheres and to advise on the right formulation of cooperative principles in the light of their application throughout the world at that time".

The Central Committee appointed a five member commission in October 1964. The commission based its studies on answers to a questionnaire it issued to the ICA's affiliated organisations as well as selected non-member organisations and individuals, and interviews it had with leading cooperators.

The commission submitted its report to the ICA Congress held in Vienna in 1966.

In its Report, the Commission recommended six principles as essential to genuine and effective cooperative practice both at present and in the future as far as that could be foreseen.

The six principles are briefly stated as follows:-

- i. Voluntary and open membership
- ii. Democratic control
- iii. Limited interest on capital
- iv. Equitable division of surplus
- v. Cooperative education
- vi. Cooperation among cooperatives

I shall quote each principle as stated in the Rules of the International Cooperative Alliance at the point of explaining it.

The proper application of Cooperative Principles is essential for the success of the movement, for they "are those which are essential, that is absolutely indispensable, to the achievement of the Cooperative Movement's purpose".

All the six principles are equally important. "They form a system and are inseparable. They support and reinforce one another. They can and should be observed in their entirety by all cooperatives if they claim to belong to the Cooperative Movement". (ICA Principles Commission)

The first four principles set out the working methods of the cooperatives and the other two state what is essential for the continued progress of the movement.

#### Voluntary and Open Membership

"Membership of a cooperative society shall be voluntary and available without artificial restriction or any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership".

This principle can be sub-divided into two parts, namely, "Voluntary Association" and "Open Membership".



Voluntary Association

- i. The individual should be free to join or withdraw from a society. There should not be any direct or indirect compulsions. However, his entry or exit should not affect the society adversely. Therefore this freedom can rarely be absolute. It can be modified or restricted by other considerations of greater validity.
- ii. The member should be loyal to the society. He should realize and fulfil his obligation to the society and the society in turn should reciprocate.
- iii. This loyalty can come only if the member has joined the society of his own free will and not under compulsion.
- iv. A society is not obliged to retain a member if his conduct is detrimental to its interest. The condition of expulsion however should be clearly laid down in advance and known to both parties.

Open Membership

- v. Those who can make use of the services of a particular cooperative society and are willing to accept the responsibilities of membership should be able to become its members without any artificial restrictions.
- vi. Cooperative movement is at once a social movement seeking to increase its adherents. Naturally it should welcome and encourage the eligible persons to become members.
- vii. Artificial restriction means limitations imposed on the size of membership without there being a practical need to do so. Natural restrictions may exist which prohibit a society from enrolling everyone who is in need of the services of the society. For example, a housing society would have to limit the number of its members in relation to the extent of land available to it.

- viii. "Open membership" does not mean that cooperatives are obliged to enrol all persons who may apply for membership. Those who do not have the common need or can not make use of the services cannot become members. For example, a rice grower need not be admitted to a citrus growers society.
- ix. The selling of shares of cooperatives to the state making it a member of the cooperative concerned is a violation of the principle of "open membership". The common need of the members which the society seeks to satisfy is not the common need of the State. When the common need of the members is the acquiring of articles required by them the State can come only as a supplier and when the sale of articles is the common need the State can come in only as a purchaser. Further, the State is not prepared to submit to the internal disciplines of the cooperative as laid down for members by its administrative organs.
- x. The open membership (with the unavoidable restrictions) makes a cooperative society distinctly different from a Joint Stock Company. Because of open membership shares remain at the nominal value fixed by the society's rules.

#### Democratic Control

"Cooperative societies are democratic organisations. Their affairs shall be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies shall enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration shall be conducted on a democratic basis in a suitable form".

- i. The primary purpose of a cooperative society is to promote the interests of its members. To achieve this end the members must have the

final say in the society. Therefore there should be an effective method of consulting the members as a body. To ensure that the members interest gets the highest priority in the administration of the society's affairs, those who administer the affairs must be chosen directly or indirectly by the members.

- ii. "One man, one vote" is the most condensed expression of the democratic administration of cooperative societies.
- iii. In the case of organisations of higher tiers, one member one vote would work satisfactorily only in organisations where there is no great disparity in size between their affiliated societies. If there are wide disparities in size, each affiliated society should have votes in proportion to its own individual membership, a "method which unquestionably pays proper respect to the human factor".
- iv. In developing countries where governments give large funds to the societies, government representation on Boards of Management become necessary. Without generous amounts of government finance, cooperative development in these countries will be slow. However, representation should not continue "a day longer than it is necessary".

#### Limited interest on capital

"Share capital shall only receive a strictly limited rate of interest, if any".

- i. There are two principles designed to eliminate profit. This is the first.
- ii. The fact that capital adds productivity to labour is recognised. The conception in the cooperative society is that of labour working with capital and not for capital.

- iii. The three main forms of capital in a cooperative: (i) share capital; (ii) Capital owned by society in the form of reserves etc; (iii) External borrowing etc. The limitation applies really to the first. No interest is payable on the second. Interest may be calculated for the purpose of internal accounting. In the case of the third, the interest rates are not likely to exceed the rates prevailing in the external money market.
- iv. There is no principle which obliges that interest should be paid. Even if no interest is paid, there is no clash with the principle.
- v. If interest is paid below the rate which may be regarded as fair elsewhere then also it can be regarded as payment of limited interest.
- vi. If a certain limited rate of interest is paid for a certain period but raised or lowered according to the long range movement of interest rates, and not in response to short-term fluctuation on the money market, that does not contravene the principle.
- vii. If a premium is merged into the rate of interest, it is, "from a cooperative point of view, at least dubious".

#### Disposal of surplus (savings)

"Surplus or savings, if any, arising out of the operations of a society belong to the members of that society and shall be distributed in such manner as would avoid one member gaining at the expense of others.

They may be done by decision of the members as follows:-

- a) By provision for development of the business of the cooperative;
- b) By provision of common services; or
- c) By distribution among the members in proportion to their transactions with the society".

This is the second principle designed to eliminate profit.

- ii. Cooperative way is to render service at cost. The trading surplus is "an overcharge which belongs to those from whom it has been derived and to whom it should be returned" (Calvert).
- iii. With regard to the distribution of surplus there are certain operational aspects that must be considered:-
  - a. Provision of goods and services to members at low prices which hardly leads to accumulation of surplus for distribution.
  - b. The business prudence some time may require that all or large part of the society's earnings to be placed to reserve.
  - c. A major part of the surplus may have to be devoted to provision of common enjoyment to the members.
- iv. In the disposal of surplus, there are two main points that should be kept in mind:-
  - a. How to find the proper balance between the interest of the society and those of the individual members.
  - b. To do justice as between one individual member and another. It is important to remember that economic benefits conferred on the members are of various kinds - money, goods or service.
- v. The distribution of surplus among members is an important characteristic that distinguishes a cooperative from a Joint stock Company.

#### Cooperative Education

"All cooperative societies shall make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of Cooperation, both economic and democratic".

- i. Definition of education for the purpose of cooperation :

"For the purposes of Cooperation, however, education needs to be defined in a very broad sense which includes academic education of more than one kind but much besides. It includes both what people learn and how they learn it. Every phase of experience, which adds

"to people's knowledge, develops their faculties and skill, widens their outlook, trains them to work harmoniously and effectively with their fellows and inspires them to fulfil their responsibilities as men or women and citizens, can have educational significance for Cooperation. Less and less in the contemporary world can education be limited to what is learnt in schools and colleges at special periods of people's lives. According to the cooperative concept, education is a life-long process".  
(Principles Commission Report, page 34).

- ii. The persons who should be covered by the process of cooperative education can be divided into three groups :
  - a. Members
  - b. Office holders
  - c. General public.
- iii. The first group, the members, need to be educated in :
  - (a) principles of cooperation
  - (b) rights and duties of members
  - (c) elementary economics which is of relevance to day-to-day life.
- iv. The second group, the office holders, include board members and professionals employed. In case of board members education has to be more intensive than in the case of ordinary members. It should include a great deal of business knowledge. The professionals employed need to be trained in appropriate techniques.
- v. The third group, the general public, should be regarded as potential members, persons who must be won over into the cooperative fold. They should be kept informed about the cooperative movement's "aims, its organisation and methods, its achievements and its plans for the future".

#### Cooperation among Cooperatives

"All cooperative organisations, in order to best serve the interests of their members and their communities shall actively cooperate in every practical way with other cooperatives at local, national and international levels".

- i. The cooperation among cooperatives is playing now and is destined to play in the future a very important role.

- ii. If the cooperative movement is to achieve continued progress, it has to meet effectively the opposition of big business and of its spokesman, the capitalist press. The cooperative movement, especially in developing countries, has a bad press. It is only a united movement that can meet this opposition effectively.
- iii. Cooperation between cooperatives may take the form of (a) economic collaboration, and (b) ideological cooperation.
- iv. Economic and ideological collaboration among cooperatives may be discussed under three headings :
  - (a) Relationship between primary societies and between primaries and higher tier organisations.
  - (b) Cooperation among different sectors of the movement.
  - (c) International Cooperation.

(a) Relationship between primary societies and between primaries and higher tier organisations :

The ultimate objective of the primary societies and their federations is to serve the primary member. To achieve this end there must be closest possible cooperation and coordination between them.

(b) Cooperation amongst different sectors of the movement:

Ideological and economic collaboration amongst different sectoral cooperatives is very necessary for the continued progress of the movement.

The ideological collaboration can take the form of joint facilities for education and training of members and employees.

Economic collaboration amongst various sectors of the movement can be of mutual benefit to them. Cooperation between producers' cooperatives and consumers' cooperatives will lead to the seemingly paradoxical but true result of producers getting better returns and consumers receiving the products or services at lower rates by eliminating the middleman.

International Cooperation :

Regional and international seminars and conferences of the International Cooperative Alliance and other international and regional organisations have enabled the cooperative movements of different countries to learn from each other and has created a feeling of solidarity amongst them.

There are many national cooperative institutions which receive foreign cooperators for training. These international exchanges have positive effects on the growth of cooperatives.

There are examples of economic collaborations amongst movements in the west and to a lesser extent in the developing countries. The Scandinavian Wholesale Society and Japan-Thai Aid and Trade Agreement in which Japanese Movement is assisting Thai cooperatives in the production of maize are two examples.

Conclusion :

"Humanity at large is seeking, however blindly, for a major transformation from a system dominated by capital to one based on human dignity and equality. The Cooperative Movement, when true to its principles and armed with the courage of its convictions, can prove by practical demonstration that a world society is possible in which man is no longer the slave but master of economic forces".

The objectives and the ideals of the movement as a whole "are no less than the attainment of a stage at which conflict, monopoly and unearned profit cease to exist" and this can be achieved only by "the unstinted and united efforts of all cooperators and cooperative institutions, large and small, national and international".

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OPERATIONS OF PRIMARY MARKETING SOCIETY

By M. Kasaoka,  
Marketing Specialist, I.C.A.

Needless to say that agricultural cooperative is the organisation formulated by small farmers aiming at securing the maximum profit by making use of collective and organized power of the small producers to the possible extent.

Among the functions carried out by primary cooperative, marketing activity would be the final process because only through that it can achieve the target of benefiting the member farmers by assuring the profitable price.

In order that the prices of farm products can be maintained at a reasonable level in the market, it is necessary to improve the quality on the basis of planned farming and to deploy high level marketing activity.

For this purpose, agricultural cooperative provides member farmers with necessary services such as farm guidance, supply of agricultural inputs, processing and marketing of agricultural products and finances etc. These services should not be functioned independently but in the way of linking each other. Especially with a view to realizing the best return, the planned marketing may be the most important point. In order to bring about the planned marketing, the planned production or planned farm management should be an essential condition. Now it has become indispensable to link production with cooperative marketing particularly to cope up with over-supply of farm produce and if necessary, cooperatives take steps to adjust the production towards changing demands.

But how can we realize the linking operation, production and marketing. In other words, how to operate marketing business in an integrated way with other business. This is the subject which I have to deal here.

As mentioned earlier, there are two purposes in strengthening the integration. One is to adjust as well as expand the marketing operation. The other is to improve production and its marketing according to consumer preferences beyond the simple function of selling what is produced by farmers. In most of the countries of this region, agricultural technical guidance given by the Government extension officers have aimed at increasing farm production and unfortunately had little concern with farmers' interests. That includes :

- i) How can they get credit - timely and adequately.
- ii) Cooperatives should strengthen marketing activity in favour of member farmers by linking of credit with marketing.
- iii) Cooperative should provide storage facilities to their members.

Such guidance given by the Government extension officers, of course, has its own significance. But more attention and efforts should be paid to farming management. Now our target becomes clear that agricultural cooperatives should play an important role in carrying out its own farm guidance activity so that it can integrate production and cooperative marketing resulting in the best return to the farmers.

## II. How to work out "Production Plan".

Business programme of agricultural cooperative should be a plan approved by a majority of member farmers in the general meeting. Usually it is a

yearly programme which stipulates the policy and contents of the business as a whole. On the other, a management plan is worked out in more detail for implementation based on the business plan. Therefore, production plan and marketing plan should be carried out as a part of management plan. Most important factors in carrying out cooperative marketing is that member farmers work out their own plan of farming management as well as utilization plan of their cooperatives so that it can take the necessary steps in advance to meet the requirements from members.

- i. How to promote member farmers in working out "the farm management plan or production plan".

Management plan of each farmer plays a fundamental role to improve farming management and living standard as well. Further it can promote the cooperative business involving the majority of member farmers. Therefore, in drafting management plan, not only member farmers but also cooperative itself should predict the moves in demand and supply situation, prices, and trends in the market and make use of these information to the possible extent in leading farmers.

In the drafting, the cooperative also should make arrangement for members to discuss their different ideas in the meeting so that their drafting work will progress. On the occasion of having such meeting, farmers should be divided into several sub-groups so that they can discuss more freely and be given more detailed information. Because apart from excellent farmers, they seem to be rather difficult to fully understand the actual state of their management, to work out their own management plan and to link the plans with various project prepared by

the cooperative. It is, therefore, necessary for the cooperative to help the members to work out their plan through such small sub-groups.

ii) Contents of "Farm Management Plan".

It would be natural that each farmer put stress on different aspects in preparing their plan due to differences in their farming operations, scale and capacity. As a result, the contents of plan may not always be the same. Therefore, in order to formulate business plan of cooperative, it is necessary to sum up common features.

Guidance should be given in such a way that the following three points are included in their blue-print :

- (a) planning of production and marketing of farm products including dairy products and livestock;
- (b) planning of purchasing both production material as well as daily consumption;
- (c) estimate of income and expenses.

These three points mentioned above are intimately connected with each other.

iii) How to assemble "Farm Management Plan".

The cooperative, of course, can not adopt all the figures mentioned in these blueprints. Because it may be difficult for cooperative to take all the responsible actions to meet the wishes made by farmers without considering present status and capacity.

Figures collected from member farmers should be used as fundamental data, but if it seems to be too large or too small, it must be revised in consultation with member-farmers concerned.

Needless to say, such discussions between the cooperative and its members are of great importance. Because to confirm the target figures of the members is of use for increasing their sense of participation in the cooperative movement and they will feel greater responsibility for the cooperative business. Thus, the cooperative comes into next stage where it works out own business plan on the basis of the figures confirmed in the discussion with members.

### III. Marketing plan of agricultural cooperative.

The marketing business plan must be in line with the basic business policy of the cooperative. Therefore the marketing plan is of no significance unless it is formulated according to the basic business policy.

The marketing plan of cooperative should be composed of three parts :

- i) Business Volume Plan
- ii) Income and expense estimate.
- iii) Fund Plan.

#### i) Business Volume Plan.

A business volume plan should be drafted by the Chief of the Marketing Section in accordance with the management standards.

Primary factors of the plan are volume level, commission income and utilization of upper organisation classified by items.

The following things can be pointed out as important aspects in working out the business volume plan :

- (a) Since business volume cannot be fixed regardless of funds and revenue and expense, the plan should be drafted in line

with the management standard of cooperative linking it with the other two.

- (b) Primary cooperative, if necessary, must discuss with the secondary federation in drafting its business plan.

ii) Revenue and Expense Plan.

The objective of the revenue and expense plan is to clarify the details of the revenues and expense of the marketing business of cooperative, find out and correct weak points in the business management and help make full use of the comprehensive cooperative management system. If the cooperative incurs a loss, the following points should be examined :

- a) Is the business volume not too small and is the utilization of cooperative by the members satisfactory ?
- b) Are commission rates appropriate ?
- c) Are operation cost not too large compared with handling volume and commission income ?
- d) How is labour efficiency ?

iii) Fund Plan.

Together with the business volume plan and the revenue and expense plan, the marketing business fund plan should be a part of the general financial plan. In the marketing business it is especially necessary to work out a fund plan because a large amount of funds is required and a strict control over credit and debt is essential. During the tightmoney period, the money control would be a key point to implement a business plan.

Commercial dealers in most countries of the region possess the business funds and work ahead of the cooperatives in the collection of farm produces, usually by making partial payment in advance of collection or at the time of shipment. Therefore, if cooperatives want to compete with commercial dealers, it is quite necessary for cooperatives to extend loans to farmers at the time of the harvest or make advance payment when agricultural produces are carried to the warehouse or shipped.

Before drafting the plan, following preparation should be necessary :

- a) Make a numerical tabulation of the present and past financial records of the cooperative. Especially, in case of consignment system, not buy up system, the consigner in principles receives the sales proceeds after it is collected and adjusted by the cooperative and if the consigner needs some money in advance, cooperative should make a tentative payment.

Without such measure, member farmers may not ship their products to the cooperative but be compelled to sell the products to the merchants to get quick cash income. If the upper federation is in a position to make tentative payment, primary society may not need to make such a fund. Anyhow, it is quite important for primary society to make itself ready for such payment and to grasp each member's financial situation.

- b) Prepare the details of the actual results of the previous year classified by items.
- c) Examine and arrange each member's sales plan.



iv) How to examine the results.

- a) The figures in each plan are not merely wishful one but should be a real target that can be achieved by the cooperative. The main reason why the plans are rather neglected and achievement not satisfactory is due to a lack of adequate studies on the state of implementing plans. Therefore emphasis should be made on making studies continuously and regularly during the plan period because the marketing plan is the starting point of a general management plan. Needless to say that figures in a plan are estimates for the future and actual results do not always match the plan. So, personnel who are in charge of marketing business keep watching the progress.
- b) As I have already mentioned, the most important point in the marketing business of a cooperative is to collect as much quantity of produce as possible from its members in accordance with the plan.

For this purpose, cooperatives not only rationalise the collection system but also link the marketing with production plan of each member farmers and set up an adequate cooperation system in the field of production technology, supply of agricultural inputs and credit etc.

The following things can be pointed out as essential for examining business results :

- i) See the state of handling in the light of the plan and if collection of produces is delayed, find out whether it is caused by seasonal factors or by a poor business system.
- ii) See if good collaboration is maintained among those as guidance activities on production technique, propagation of improved varieties, standard fertilization and consolidating organisations for joint pest and insect control.
- iii) Examine whether marketing is conducted in such a way that supply of credit as well as agricultural inputs is done so smoothly that it can be fed back in the form of consigned goods.

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Req no S38/73



pk/8 November 1973

FUNDAMENTALS OF MARKETING

by

Olle Ekelius

LECTURE OUTLINE

The basis for good marketing is to have a good knowledge of:-

- the market (local, regional, national, international)
- the functions of the market,
- the characteristics of the product

can only be reached by careful study of the market

1. The goal of cooperative marketing operations.

Producers: To get as high as possible return to the producers (long-run) for their products.

Consumers: To get the light product as cheap as possible to the consumer.

2. The function of marketing.

To make the produce available at the right time, in the right place and in the desired form as wanted by the consumer.

2.1 The time function.

Aim: To match production and consumption.

You can have variation in both, going in different directions.

Limited possibilities to store the factors of production which means that you have to store the product.

Different types of storing should be carried out by different agencies:-

Short-term storage	)	:	producer, consumer
Seasonal storage	)	:	marketing agencies
Long-time storage	)	:	Government agencies

### 2.1.1 Costs of storing:

The different components can be listed as follows:

a) Interest on capital.

Relationship easy to calculate

The rate either bank-rate or internal (alternative) interest-rate.

The evaluation of the stock either the buying cost or the prevailing market price or the selling cost.

b) Maintenance costs.

Actual costs/or work, electricity, insecticides etc.

c) Fixed costs

Depreciation and interest on buildings and machinery.

Involves estimation of the right life time of the investment (e.g. its economic life-time) and a decision on whether to use factual building costs or re-building costs.

d) In and out costs:

Easily calculated on a per unit basis.

e) Quantitative losses :

Difficult to calculate in advance.

Depends on the products, the facilities and the maintenance.

f) Qualitative losses :

Depends again on the product, facilities and maintenance.

Most products deteriorate in quality in an exponential way.

Exception sometimes - Fruits  
Cheese

g) Risk-taking :

This is a payment for taking the risk of incurring losses.

That can be looked upon as a speculation can (and in most cases probably do) even out the price fluctuations.

Refined methods of calculation but involves always a projection (guess).

### 2.1.2 Summary

The price of the products sold = the buying price + cost items (a) to (g) above.

Not on every single transaction necessarily but at least on total storing activities.

From a cooperative point of view preferably this should apply for each commodity each season. Otherwise do some members subsidize others.

2.2 Place function

This involves transport, which is one of the technical achievements that have influenced agricultural international trade the most.

2.2.1 The costs of transport favours bulk transports of big quantities as compared to assembling of small quantities of different qualities. The distance class not play an important role in modern transportation technique.

2.2.3 Who should carry the cost of assembling and transport?

Depends on whether the commodity is produced in small quantities and/or

at irregular time periods and/or  
is non-perishable

or if it is

produced in big quantities and/or  
frequently (daily) and/or  
are perishable

2.2.4 The theory of production location :

The van Thunen theory. Depending on perishability and transport facilities mainly.

Modifications because of processing is possible.

2.3 Form function :

This means to get the produce in the right quantity, quality, package etc. to meet the consumers demands,

The aim is to find the right consumer for each quantity and quality of the produce and thus maximize the returns from the market to the producers.

The means are listed below:-

2.3.1 Dressing for the market :

The form function should start at the farm and means in its simplest form to take away waste and offals,

Should be done when :

- a) there is an extra price incentive
- b) if the payment for the product is done after removal
- c) if transport costs thereby can be lowered
- d) if the waste and offals can be used on the farm.

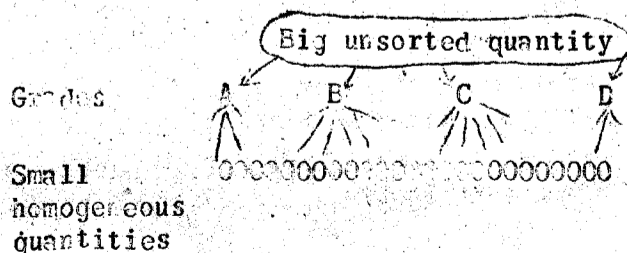
Note that the demand for a product expands and contracts at the lower end of the quality scale.

2.3.2 Classification & grading:

Classification means that by individual inspection of a product put it into specified quality classes.

Grading means to divide inhomogeneous big quantities into homogeneous smaller ones and put these homogeneous quantities into homogeneous bigger quantities or blend different qualities into a specified wanted mixture.

/generally by  
some mechanical  
device



### 2.3.2.1 When does quality production pay.

Three main preconditions should be fulfilled.

- a) the quality should have a specific characteristic (e.g. taste, smell, form, colour etc)
- b) there should be a certain scarcity for that quality
- c) there should be effective demand for the quality.

The extra price paid for the better quality should cover the extra cost incurred in primary production and/or marketing.

### 2.3.2.2. The quality distribution of agricultural produce.

As agricultural production is a biological process, we do generally have a quality distribution that is in accordance with the normal distribution. This means a small quantity of as well high as low quality and the main produce being of medium quality.

This means that there are no undisputable class or grade limits, but they have to be put arbitrarily according to market demands and available production.

To be able to sort it into different qualities you must know the quality distribution of the produce and whether you can find the consumers of the different qualities.

### 2.3.2.3 Advantages of getting large quantities of a homogeneous quality.

- a) The quality becomes established and well-known.
- b) This makes it possible to trade on delivery agreement.
- c) The formulation of contracts becomes not so complicated.
- d) Market intelligence becomes easier to collect and interpret.
- e) The produce can easily be used as a security for loans.
- f) Processing is facilitated.

In general, it could be said that sorting and quality production almost is a pre-requisite for orderly marketing and thereby helps establishing cooperatives.

### 2.3.2.4 Should the price differentials from the market be taken down to the producer in cooperative pricing?

Educational purposes may indicate that the price differential should be bigger to the producer than to the consumer. On the other side as the costs of marketing higher qualities in general is higher than that of lower qualities the price differential should be lower.

Yes to be judged from case to case.

### 2.4 The dynamic function :

The aim is to help the farmer to plan his production in accordance with market-demands.

This can easily become a problem in cooperative pricing. The cooperative should not act as a wall between the consumer and the producer.

Note also the specific problems for farmers to adjust to changing marketing conditions which are:-

- a) decisions about type of production can just be taken at certain times (e.g. sowing season).

- b) the farmers often lack production alternatives.
- c) in early stages of development the farmers feel a need of producing his own food.
- d) the farmers work with very high fixed costs.
- e) uncertainties in production are big from as well a biological as an economical point of view.

The dynamic function of marketing means thus :-

in the short run try to find outlets for existing agricultural production,

in the long runs to adjust production to market demands (internal and external).

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## ROLE AND ORGANISATION OF FARM GUIDANCE ACTIVITIES

By : M. Kasaoka  
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ICA Regional Office,  
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In most of the countries of the Region in South-East Asia, agriculture has been managed on a very small scale except several kinds of products and therefore the farmers have been practically unable to do research in the new techniques. Owing to the capital accumulation being small, the introduction of new techniques cannot be effected until decisive results have been clearly demonstrated.

From our experience in the Japanese agriculture, progress has been realised as a result of research in the new techniques at the central or local institute of agriculture and efforts of those who have been trained in Universities and other agricultural schools. However, even if an excellent technique is invented, practical farming will not develop unless suitable organisation is established which can transmit it to the individual farmer or groups of farmers.

### 2. Actual position of extension services in the Region\*

Speaking generally, the basic responsibility for providing agricultural extension services is that of the concerned government departments. Although in Japan and Taiwan, the agricultural extension

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\* Cooperatives in Asia : Mohinder Singh

services provided by the government are, to some extent, more developed than elsewhere, the cooperatives also maintain some extension workers of their own.

In Japan, a cooperative (with an average regular membership of 981 farmers) employed, on an average, 2.6 extension workers in 1970. In Taiwan, a farmers' association (average membership over 1,600 farmers) employs three to four crop specialists and one or two veterinarians. In both of these countries, incentive extension work has been undertaken for decades.

In South Korea, agricultural cooperatives at the prefectural level (with over 15,000 members) employ, on an average, a little under eight field workers for extension work (including one adviser). There, the staff and budgetary resources of the concerned government department are not adequate for providing guidance in agricultural technology. Elsewhere, it is not customary for cooperatives to employ extension workers; the government setup for agricultural extension is often weak and there is hardly any effective integration between extension supplies and credit except in some limited selected areas, for example, intensive agricultural district programmes in India and Pakistan.

3. Its importance in increasing production and in ensuring effective marketing

Member-farmers are making efforts to increase their income by introducing new production techniques and mechanisation, expansion of the size of unit holding expected to result in improved productivity.

...3..

With a view to realise larger income it is needless to say that, on the one hand, basic conditions of production have to be consolidated by land improvement etc., for introducing new production techniques and machines, and, on the other hand, agricultural cooperatives have to increase participation not only in the field of distribution but also in the field of production directly.

Cooperatives have to attain stronger bargaining position for member producers by strengthening the activities from production to distribution. To attain better marketing position it is necessary to intensify production of selected commodities, which are to be taken up after careful study of economic geography and natural conditions of the area as well as trends of demand in the market. But what is the role of farm guidance? It is very clear from experience that the success in cooperative marketing depends on whether or not we can organise an integrated system throughout all the process, say, from production to marketing.

Farm guidance activity plays an important role in organising farmers into commodity groups so that cooperatives can be in a position to lead member farmers effectively not only in the field of production but also collection of produces, shipment and marketing. In addition, farm guidance activities can create an interest and willingness among farmers to improve their farm management. If they do not show any interest or willingness to the cooperative movement, it would be impossible for cooperatives to organise the member farmers. So the member farmers work out their farming plan with the help of farming guidance extended

by cooperatives and then cooperatives can work out their marketing programme on the basis of marketing plan of individual member farmers. Of course, on the occasion of working out the marketing plan, the cooperative should predict the demand and supply situation and also the prices in the market so that member farmers can adopt the best possible ways in their management. The farming plan of individual farmers may consist of three factors: (i) planning of production and marketing of farm products, (ii) planning of purchase of agricultural input, (iii) estimating income and expenditure as a whole. If there is no help by the cooperative in the field of farming guidance, it would be very difficult for individual member farmers to make their farming plan and as a result of lack of guidance activity, cooperative itself cannot prepare its marketing plan and cannot give profit to member farmers in the marketing activity.

4. The content of farm guidance and necessary organisation to promote it

The content of farm guidance would be very complex, but it can be divided into two categories, namely technical instruction including seed and stock improvement, mechanisation of farming operations and disinfection etc., and secondly management guidance including organisation of production systems and farming managements, etc.

As regards the organisation for extending farming guidance, we have some experiences in Japan and in India.

(1) Farming instruction in Japan is conducted mainly by agricultural cooperatives and by agricultural extension officers of prefectural government. Although the status, qualifications and

functions of the two differ, farming instruction is their common task. The extension officers of the prefectural government are working mainly for education and propagation of new production techniques developed by agricultural experimental stations and research institutions, while cooperative farm guidance advisers are giving their services in economic matters relating to farming. In other words, their work is closely associated with business economics and facilities established for economic benefit of members. There are some examples of agricultural cooperatives closely collaborating with governmental institutions in order to reach the common goal. For instance, take the soil improving system.

Prefectural union of cooperatives and prefectural marketing (including supply) federation set up the liaison committee in collaboration with prefectural government as well as the agricultural experimental stations. The members of this committee are specialised in soil and fertiliser, ordinary crops, fruits, vegetables, special crops, farming machinery and so on.

The following matters are to be discussed in the committee.

- (i) To select the crops to be grown on an economically viable scale in the prefecture.
- (ii) To design the plan for soil improvement and effective fertilization.
- (iii) To examine the measures suitable for implementation.
- (iv) To assess the results of its performance.
- (v) To set up the demonstration field.

The primary societies also set up the liaison committee so that they can promote the movement more effectively and more concretely in consideration of special problems confronting primary societies. Therefore, here, the presidents of primary societies are requested to play an important role in organising the committee and generally they take office as the chairmen of the committee.

Main constituents of the committee are

- (i) Farm guidance advisers.
- (ii) Chief staff who are in charge of supply and marketing sections of the primary society.
- (iii) The leader of commodity groups,
- (iv) Farm extension officers.

The functions of the committee are as follows:

- (i) To hold the commodity group meeting and, if necessary go round the member farmers' houses to explain the detail of the plan for soil improvement and better fertilization.
- (ii) To hold field demonstration with a view to check the effectiveness of implementation.
- (iii) To conduct a field survey and provide necessary advice to the farmers from time to time.

(2) Experience in India

Rao Cooperative Cold Storage, which is located in Indore district in Madhya Pradesh with 230 members, introduced the idea of farm guidance services in June 1972. Since the time of establishment

of the society, it has not been in a position to market the potatoes stored in its cold storage and member farmers themselves have transacted the marketing of their produces. However, recently the society decided to market some part of the potatoes stored through society and in order to get advantageous price in the market and to profit the producers, the idea of farm guidance services was introduced.

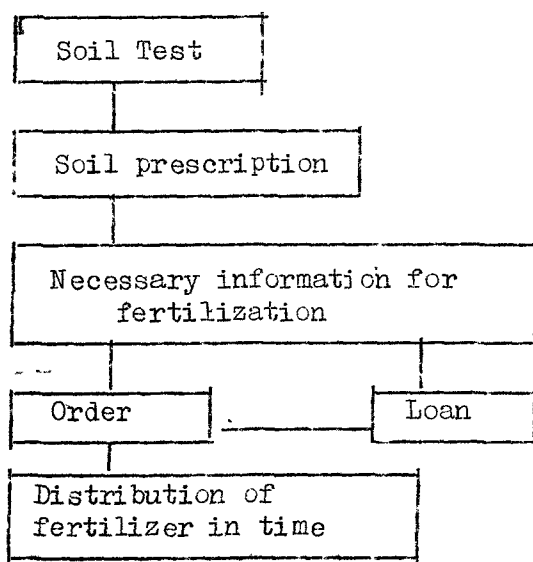
Farm guidance activity to be provided to the member farmers includes the following functions :

- (i) Soil testing
- (ii) To give the necessary information about the use of
  - (a) fertilizer
  - (b) insecticides
  - (c) pesticides
  - (d) other agricultural inputso that the member farmers can utilize these materials effectively and economically
- (iii) To set up demonstration plot and show the experiments to the farmers
- (iv) To introduce the idea of farm management among the farmers which includes : production plan, income and expenditure plan and fund plan.
- (v) To provide member farmers with necessary market information
- (vi) To conduct the course for family education
- (vii) To organise the commodity group such as potato, wheat, vegetable and maize etc.



In the initial stage of farm guidance activity of the society, the soil testing was performed. The procedure of soil testing is as follows :

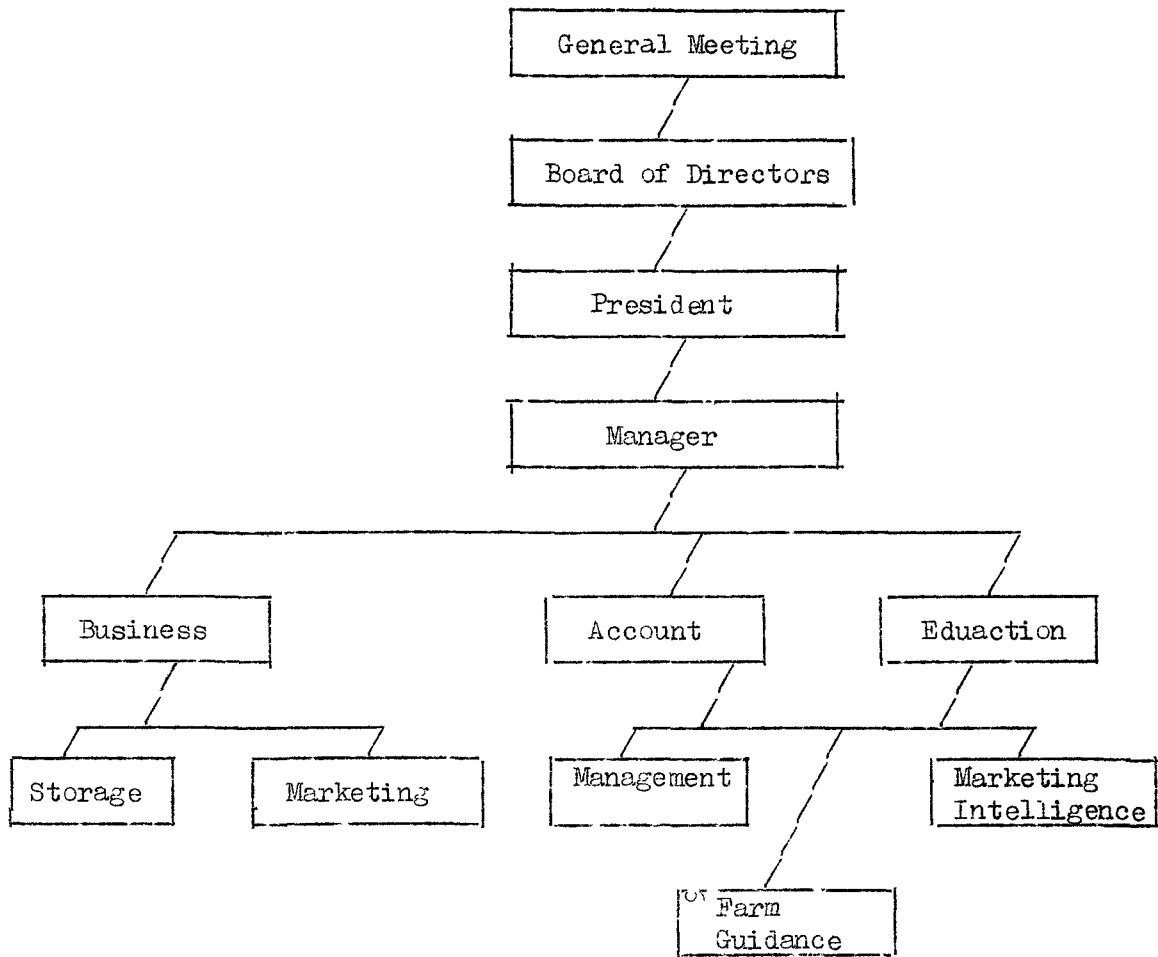
- (i) To hold small group meeting and inform the member farmers as to how to take the soil sample of their farm field
- (ii) Farmers take soil samples and bring it to the society
- (iii) Farm guidance adviser collects those samples and analyses it in collaboration with the specialist for soil testing of agricultural college
- (iv) After getting the result of analysis, farm guidance adviser prepares the soil prescription and informs it to the member farmers concerned.
- (v) Now, farmers are bale to know the necessary amount of fertiliser to be applied in accordance with the soil prescription.
- (vi) Society receives the order of fertiliser from member farmers in advance and can take necessary steps to get loans from the central cooperative bank.



Integration of farm guidance and supply and credit

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Structure of Rao Cooperative Cold Storage



5. Finally, I would like to mention again the importance and role of farm guidance activity through agricultural cooperatives.

(i) Farm guidance activity of agricultural cooperatives should intend improvement of overall farm economy and progress of cooperative business by means of joint activities relating to agricultural production.

(ii) Farm guidance activity of agricultural cooperative should be established by their own efforts and initiative.

(iii) Farm guidance activity of agricultural cooperatives should put more emphasis on economic aspects of farm management in order to help farmers in increasing production, reducing production costs and providing best possible marketing conditions, so that better economic returns may be ensured. It is also an education process to change attitudes of farmers and create an interest and willingness among farmers to improve their farm management.

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Regn.No.  
BDS/13.10.73/

LECTURE OUTLINE

FINANCIAL CONTROL AS A TOOL OF EFFECTIVE MANAGEMENT

by

Ole Ekelius

1. Financial management an integral part of total management. Should be carried out continuously and not only when preparing the annual balance sheet. The outline is divided into two main parts. The first one treating ratios for measuring liquidity and financial structure, this means control measures on historical performance. The second part treats budgeting as a tool of planning and delegation of power, this means control measures on future activities.

The treatment will be brief.

Note the rough and static nature of all financial measures. The ratios can only be used as guidelines for judging the soundness of an enterprise (cooperative, private or official). Every single case has to be judged from its merits.

2. Liquidity

By liquidity is meant the readiness to meet financial demands. Profitability can be good but liquidity poor. A liquidity reserve has to be created.

If too big = uneconomic  
if too small = uneconomic

- 2.1 Causes of bad liquidity

- a) poor profit
- b) too fast expansion
- c) inflation
- d) tied up capital

- 2.2 What effects liquidity

Almost everything that happens in the surroundings of the enterprise or the decisions taken within the enterprise effects liquidity in one way or another. Has to be analysed.

- 2.3 Measures of liquidity

Can be sub-divided in static and dynamic measures.

- 2.3.1 Static measures

These use generally the balance-sheets as the basic information. To be able to interpret the ratios a thorough knowledge has to be gained about the valuation rules applied for determining the items on the balance-sheet. Often difficult if you are an outsider. Thus the ratios here should be used very critically.

2.3.1.1 Liquidity ratio or acid test or guide ratio

$$\frac{\text{Quick assets (= cash, marketable investments, sundry debtors)}}{\text{current liabilities}}$$

Standard = 1:1

## 2.3.1.2 Current ratio

$$\frac{\text{Current assets (= quick assets + inventory)}}{\text{current liabilities}}$$

Standard = 2:1

## 2.3.2 Dynamic measures

These measures involve not only the balance sheet but also the income statement. Thus the result of business is related to the financial position. One example

How many days is needed to pay a debt.

Example:

Current assets	Take	144 lakhs
Current liabilities	Take	130 lakhs
deficit	Take	16 lakhs
Show profit	Take	1.9 lakhs
+ depreciation		<u>12.5 lakhs</u>
		31.5 lakhs

$$\frac{16}{31.5} \times 365 = 185 \text{ days} = 6 \text{ months.}$$

## 3. How to calculate the need of capital.

To calculate we have to divide into two groups - working capital and fixed capital.

## 3.1 Working Capital

Financed by own capital and short-term credit mainly.

The need depends on:

a) the turnover = total sales

b) the seasonal variation in business.

c) the profit margin = the margin between received payment and expenses.

d) the rate of turnover =  $\frac{\text{Total yearly sales}}{\text{invested capital}}$   
 the faster the rate of turnover the smaller is the capital needed.  
 The faster the rate of turnover the smaller need the profit margin to be a equal return to invested capital.  
 To calculate, a simple example:

Fertilizer sales 12 lakhs per year = 1 lakh/month

margin on sales price = 10%

Expenses on sales price = 5%

The fertilizer is stored by the cooperative on average three months.

The fertilizer has to be paid within 30 days after delivery  
As a liquidity reserve 0.1 lakh is needed.

a)  $12 \times 0.9 =$  buying price

b) the capital invested in stocks has a rate of  
turnover of 6

c) working expenses are  $0.05 \times 12$  lakhs = 0.6 lakhs

d) the turnover for working expenses = 4 times

$$\frac{12 \times 0.9}{6} + \frac{0.6}{4} + 0.1 = 2.05 \text{ lakhs}$$

You have generally to take into account many different products  
with different margins, seasonal variation and other  
fluctuations in sales etc. Complicates the calculation.

### 3.2 Capital need for fixed assets.

Easier to calculate. Generally a detailed plan is made up for each  
individual case and contractors employed. To get loans a  
financial plan generally has to be made.

Need of capital is irregular. The smaller the enterprise the  
more irregular will the need be.

## 4. Financial structure

This relates to the sources of capital and its uses. The main  
source can be divided into two different main groups, namely,  
external and internal sources. As intermediary group is the  
owners capital, here treated as external capital.

### 4.1 External sources

Main sources: banks, government, the public and owners.

#### 4.1.1 Short-term capital

Mainly consisting of debts to supplier, bills of exchange, etc.  
Some of these sources are rather uncertain.

The supplies depends on the profitability and trust the  
enterprise can create with its sellers.

Interest generally not shown but is part of the price.

#### 4.1.2 Long-term capital

##### a) borrowed

This is generally banks or other institutions.

price of the capital = interest

has to be paid irrespective of results.

Mortgage has also to be paid irrespective of result, but  
can of course be replaced by new loans.

##### b) Owners capital

Can be either share capital or savings.

The savings should be looked upon as other borrowed capital.

Share capital required by each member should be calculated according to his use of the cooperative.

A rough measure is his acreage, his cows, his amount of loans etc. If possible for a marketing society the best base is the turnover.

The shares could be paid in full or part in cash or/and in full or part by using the yearly refunds.

#### 4.1.3 Internal financing

##### a) profits (surplus)

Some has to be allocated according to the law the rest can be used within the cooperative and society or refunded to its members.

##### b) depreciation

Does add capital if depreciation charges are greater than the actual decrease in value.

Its purpose is to keep the enterprise at an unchanged physical capacity.

(Note:- The depreciation charges are meant to divide the expenditure of an investment over the total economic life-span of the investment.)

To keep the enterprise cooperative it can be argued that the depreciation charges should be based on the replacement-value instead of the actual costs.

(Note:- The depreciation charges are usually not put into a bank, or similar, but used in the day-to-day work in the enterprise. Thus when re-investment time comes. Money must be made available).

#### 4.2 Factors affecting financial structure. The composition of the sources are generally affected by the following factors.

##### 4.2.1 Availability of capital.

In most cases capital is a scarce resource. Thus the problem is firstly to find any source of capital.

##### 4.2.2 Profitability.

The profitability of own capital increases when the share of borrowed capital increases and return to total capital invested is higher than the interest rate on borrowed capital. This indicates that one should try to borrow as much capital as possible in this case. The limits are set by risk-bearing and dependence on outside sources.

##### 4.2.3 Security

Borrowed capital is an unsecure source. Too much external financing makes an enterprise strongly dependent on external agencies (e.g. banks or government).

#### 4.3 Measures of financial structure

The ratios here are examples of measures that can be applied. As said earlier each ratio has to be critically analysed according to each application.

Ratio analyses can be used in -

- a) comparing different enterprises within the same trade.
- b) analysing the development of a certain ratio overtime.

a) 
$$\frac{\text{Equity Capital}}{\text{Total capital}}$$

b) 
$$\frac{\text{Long-term debts} + \text{Equity capital}}{\text{Total capital}}$$

c) 
$$\frac{\text{Equity capital}}{\text{Fixed assets}}$$

d) 
$$\frac{\text{Equity capital} + \text{Long-term debts}}{\text{Fixed assets}}$$

## 5. Budgeting

A very important tool if seriously done.

- aim :
- a) plan realistic activities to reach a common agreed upon attainable goal.
  - b) concentration of the planning to one period.
  - c) delegate power
  - d) increase each individuals involvement.

The fully developed budget system contains short-term, medium and long-term budgets, integrated and revised continuously.

### 5.1 Short-term budgeting

By projecting volumes and cost a yearly statement is prepared. The starting point should be the bottleneck in the operation e.g. the limiting factor.

As best possible the production at firm level.

The budget the first year(s) can and should be made in a crude form. Successively it can be refined and sub-divided.

Budgeting can be made in such a way that the involvement and responsibility of the employees are increased. Thus it is a means of delegation of power, and better motivation for all working in the enterprise.

The budget is not a programme but a plan.

If not fulfilled, ask first why?

### 5.2 Long-term budgets.

The long-term budgets will have to be more rough than the short-term ones.

Long-term budgeting should be used to judge the priority order of different investment alternatives. Yearly (at least) revisions needed.



**5.3 Liquidity budgeting.**

Forecasting of incomes and expenditure e.g. factual money transaction.

The liquidity budgeting need extreme short-term budgeting.

**International Cooperative Alliance**

1

**GROUP REPORTS**



Proceedings of the discussions held by  
Group-I

The following members of the group participated in the discussions held on 11th Oct. 1973 at 3 p.m.

1. Shri Myllemnagap
2. Shri D.O. Agarwal
3. Shri Som Prakash
4. Shri S.S. Rahman
5. Shri M. Karunanidhi

Shri Myllemnagap was elected as Chairman and Shri D.O. Agarwal was elected as Secretary. The following is the gist of the debate.

Outline how management cadre system should work. Discuss advantages and disadvantages of management cadre from the point of view of the societies:

With the growing complexities in the marketing technique and its operations involving processing before sale the need for a higher degree of know-how, managerial competency and technical expertise of the key personnel of the marketing society arises. In this situation the formation of management cadre system at the apex level has become a necessity. The salient features of the system are as follows:

1. The cadre must be maintained by the apex marketing federation;
2. All the primary marketing societies should be taken into confidence in the formation of the cadre; it may perhaps be necessary to make it obligatory to those societies which may be reluctant to participate in the system;
3. The federation in collaboration with the experts should select the personnel for the cadre;
4. The existing manager already working in the society may be taken up in the cadre if recommended by that society;
5. The selected persons should be given intensive theoretical and practical training in structural, operation, financial matters and managerial skills;
6. The primary societies may be given an option to select the manager from out of the panel of a few names;

7. The cadre personnel will have regular avenues of promotion and improved service conditions;
8. The management of the appointing society should have disciplinary powers over the cadre personnel;
9. It is also necessary to have a clear demarcation of functions between the management and the manager and broad policies should be laid out in regard to marketing, sale purchase operations;

ADVANTAGES:

Efficient and trained manager will be available which will result in the improvement of the working in regard to its business. The cadre personnel will work sincerely because of the security and better service conditions. It will facilitate effective coordination between the apex organisation and the primaries. The cadre personnel will work impartially without local influence which undermines the interest of the society.

DISADVANTAGES:

Since the manager is drawn out of the common cadre he may not necessarily have the knowledge of local environment, markets and practices. The society may not be able to bear the increased cost of the cadre manager and he may have divided loyalty which may sometimes lead to become unfavourable to the society. The balance of advantages however lies with the cadre system.

Training programme for a manager of a primary marketing society:

Before planning a training programme the following are required:

1. Identification - the type of training required to be imparted to the manager;
2. The effectiveness depends upon the right type of training to the right type of persons;
3. Objective -(a) to impart the ideological knowledge, skill and the necessary expertise (b) to create a better sense of confidence

and skill to manage the affairs more efficiently.

4. Duration - depends upon the type of training to be imparted.

5. Syllabus - it should be according to the requirements

which should be practical and job oriented and may cover the following topics:

(a) Principles and practices of cooperation and cooperative laws; and other allied laws;

(b) General background of the cooperative marketing system and the agricultural pattern;

(c) Organisational and the structural set-up of the marketing cooperatives;

(d) Operational aspects - marketing techniques with regard to the prevailing field situations, market trends and intelligence;

(e) Financial aspects - banking, accountancy;

(f) Technical know-how of the activities;

6. Management aspects such as personnel management, marketing management, etc. and the role of the managing committees.

7. Storage and transport aspects;

8. Practical training programme with regard to the marketing operations and Mandi practices;

9. State Trading Act;

10. Farm guidance.

11. Interspersal of the training programme.

12. Emphasis on the theoretical and practical aspects has got to be correlated;

13. At the end an assessment of each training is required, so as to keep the interest alive for the participants.

**An Educational Programme for Board  
Members and Ordinary Members:**

A member education programme has to be chalked out with the following basic objectives:

- (a) to create a sense of loyalty and faithfulness towards the cooperative ideology;
- (b) to acquaint the members with the general working of the marketing cooperatives and
- (c) to imbibe a spirit of self-confidence and a sense of responsibility as are entrusted to them;

The following plan has to be made:

- (1) The agency of imparting should be the State Cooperative Union or some other suitable agency;
- (2) Location - as per convenience and requirements;
- (3) The programme must include the general educational aspects with regard to the working of cooperative marketing societies, its bye-laws, the duties and responsibilities of the general body and the managing committee and the benefits which the members are to get from the society.
- (4) Farm guidance should also be an integral part of the programme .
- (5) Methods of education - it should be through various teaching techniques/methods such as group discussions, seminars, film show and demonstration, etc.

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Proceedings of the discussions held by  
Group-II

The following members of the group participated in the discussions held on 11th Oct. 1973 at 3 p.m.

1. Shri B.N.P.Dangwal, Chairman
2. Shri M. Shivagnanam, Secretary
3. Shri P.B. Pare, Member
4. Shri P.K.M.Raja, Member

Outline (a) training programme for a manager of a primary marketing society (b) an educational programme for board members and ordinary members

(a) The subject was discussed at length and the group concluded that the following programmes should be given emphasis while chalking out the programme for the training of manager of a primary cooperative marketing society:

1. Principles and practice of cooperation;
2. Agriculture and agricultural marketing;
3. Cooperative marketing and processing;
4. Cooperative law , sales tax law and income tax law as applicable to the cooperative marketing societies;
5. Accountancy and book-keeping including audit;
6. Management - personnel management  
- sales management  
- production management  
- financial management
7. Scientific Storage;
8. Knowledge about procurement and distribution of farm requisites; and
9. Public relations.

The training should be given more emphasis on the practical side so that the incumbent will get job oriented training.

- (b) An educational programme for
- i. Board Members
  - & ii. Ordinary Members.

Board Members:

1. Basic principles of cooperation;
2. Elements of cooperative marketing;
3. Cooperative leadership;



4. Duties and responsibilities of the members of the board under the act, rules and bye-laws; and
5. Management of the society on proper lines.

Ordinary Members:

1. Basic principles of cooperation;
2. Working of the marketing society;
3. Policies and programmes of the society;
4. Rights and duties of members;
5. Powers of the General Body; and
6. Loyalty of the members to the society.

Outline the important factors that should be taken into consideration in drawing a management plan at the primary society level with special reference to linking production plan with marketing plan.

Shri M.Sivagnanam and Shri B.N.P.Dangwal were elected as Chairman and Secretary respectively.

The subject was considered by the group and it was concluded that the following factors should be taken into consideration while preparing the management plan:

1. Future market trends in demand and supply and prices in the market for the agricultural commodities handled by the society;
2. The production of the agricultural crops may have to be adjusted to the changing demands;
3. Past year's performance of the society so as to ensure whether production plans are prepared on realistic basis;
4. Availability of finance after taking into account the resources of the society;
5. Arrangements for supply of agricultural inputs;
6. Requirements of transport and storage and facilities for processing; and
7. Arrangements for marketing of the produce with higher level federation.

Proceedings of the discussions held by  
Group-III

11-10-1973

The following members of the group participated in the discussions:

1. Shri N.Palani
2. Shri A.S.Sodhi
3. Shri V.S.Bhandari
4. Shri B.K.Mishra
5. Shri Jawaharmal Jalori

Shri B.K.Mishra was elected as Chairman and Shri V.S.Bhandari was elected as Secretary. The following is the gist of the discussions:

Discuss the operational problems of a primary cooperative marketing society.

The operational problems of a cooperative marketing society can be broadly divided as under.

1. Administrative
2. Financial
3. Lack of coordination with other agencies
4. Restrictions over the business by the government
5. Non-utilisation of cooperative marketing societies by the commodity corporations.

ADMINISTRATIVE:

The primary cooperative marketing society is not getting the services of competent and trained personnel to work as Chief Executives, Managers, Accountants, Graders and for other posts. There is a tendency to depute government officers as Chief Executives, Managers, Secretaries, etc. and withdraw them when they pick up work. Most of them have no interest in the business of the society. Hence the operations of the marketing society suffers.

FINANCIAL:

The cooperative marketing societies are not getting funds at the time of their starting. The cooperative and commercial banks are reluctant in financing them. The commercial and cooperative banks demand tangible security which the society is unable to provide.

Government guarantee should be available for cash credit (hypothecation as well as pledge loans) to the society.

LAACK OF COORDINATION WITH OTHER AGENCIES:

There is a great need of coordination between the primary marketing society with the apex marketing federation on one hand and between the primary marketing societies and the village service society on the other hand.

Primary marketing societies should be the working agents of the State Federations for any job in the area.

RESTRICTIONS OVER THE BUSINESS BY THE GOVERNMENT:

In certain circumstances, the government controls the procurement and distribution and disposal of certain crops/articles. The disposal of such stock without the consent of the government leads to long storage and deterioration of their physical conditions. This results in a loss sometimes when finally disposed off, in addition to payment of interest charges due to a longer investment of funds. Such stocks which fall under this category must be taken by the government in the proper time so as to save the society from the financial losses.

NON-UTILISATION OF PRIMARY COOPERATIVE MARKETING SOCIETIES BY COMMODITY CORPORATIONS:

The commodity corporations handle business through State Federations. State Federations in turn appoints primary marketing societies as their sub-agents. Recently FCI and some other Corporations have the tendency to withdraw business from the cooperative sector and handle independently through the commission agents. This has affected the efficiency and financial resources of the cooperative marketing societies.

Outline the important factors that should be taken in consideration in drawing a management plan at the primary society level with special reference to linking production plan with marketing plan.

For drawing up a management plan at the primary society level, it is very important that business plan/marketing plan is drawn up earlier. Alongwith this production plan need also to be drawn up to assess the requirement of the inputs. Therefore while drafting the management plan the requirements of inputs for farm production, daily consumption, estimate of income and expenses of each farmer should be taken into account. The society should also indicate to the members the supply situations of production and consumption material prices, trends in the market. On the basis of this, information, each individual farmer will draw up his plan for production requirements in marketable surplus. The society will provide the technical assistance to the members so as to bring the farm plans of production and consumption on a common footings, Keeping in view the availability of inputs and the market trends. The society thereafter will consolidate and examine the farm plans of each individual by adjustment in view of the market trends. Thus the final plan will be available highlighting the requirements and the production plan.

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**Proceedings of the discussions held by  
Group-IV**

11th Oct.1973

The following members of the group participated in the discussions:

1. Shri G.P.Shukla, Chairman
2. Shri K.G.Chaudhary, Secretary
3. Shri S.J.Mukherjee, Member
4. Shri N.Srinivasulu, Member

Outline how a management cadre system should work. Discuss advantageous and disadvantages of a management cadre from the point of view of the primary societies.

The group was of the opinion that in order to attract better and talented persons to work as Chief Executives and other key personnel required of the cooperative marketing societies who may be assigned important role in the context of expanded marketing operations, processing and supplies of inputs and other allied activities it is necessary that a management cadre should be established in consultation with the primary societies. It is expected that the state-level apex cooperative marketing federation shall maintain this cadre.

The requirements of personnel to be employed will have to be worked out in the context of present and future demands of societies. In order that there may not be any undue resistance on the part of societies, the existing staff of the societies could also be taken in the cadre if otherwise found suitable. A recruitment board will have to be created for selecting the personnel consisting of the following:

1. Chairman or nominee of the Apex Federation
2. Chief Executive of the                    -do-
3. Registrar, Cooperative Societies
4. Two Representatives of Coop. Marketing Societies other than the Directors of the Apex Federation
5. Two Experts having sufficient experience in marketing and processing work

The recruitment board will also lay down the qualifications and experience as also salary and emoluments and other terms and conditions governing the employment of the candidates to be recruited as also the mode of recruitment.

ADVANTAGES:

1. Will provide the scope to draw young, energetic and talented persons of right calibre possessing taste and temperament for the job from a wider field;
2. Better security of service and chances of promotion;
3. Reserves could also be maintained to attend to the work of societies in absence of the personnel under training or during leave;
4. Local politics will have lesser chances to enter in organisation's working; and
5. Independent outlook and judgement may yield better results to the working of societies.

DISADVANTAGES:

1. Where there are extreme variations in a state in local dialects and practices, the common cadre may not be found suitable;  
organisations
2. Big primary/may consider this as an encroachment on their right to have a man of choice;

Operational problems of a primary marketing cooperative society:

The success of a marketing society depends on its operational efficiency. The various factors which would contribute to the operational efficiency or otherwise of a society are listed below:

1. Location of the society, its area of operation including servicing and arrangements of transport and storage facility and the like;
2. Financial soundness;
3. Interooperative relationship between the marketing societies and the federation on the one hand and other cooperative institutions like Central Cooperative Banks, Consumers' Federations, etc.,
4. Its relationship with government departments and other public sector institutions;

5. State policy;

6. Management including the availability of technically trained personnel for manning the various jobs including for processing;

7. Relationship and communication between the Chief Executive and the Board of Management on the one hand and employees of the institution on the other.

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Proceedings of discussions of  
Group-I

The following members of the group participated in the discussions held on 12th October 1973.

1. Shri D.G.Agrawal,
2. Shri M.Karunanidhi,
3. Shri Som Prakash
4. Shri Myllemngap
5. Shri S.S.Rahman

Shri D.G.Agrawal was elected as Chairman and Shri M.Karunanidhi as Secretary.

The following is the gist of the discussions:

What type of assistance marketing cooperatives should receive from government in order to develop their activities, while maintaining the essential autonomous character of cooperatives?

Government have accepted the cooperatives as one of the instruments for bringing growth with social justice and have been providing assistance in various forms for their development. Assistance required from government by marketing cooperatives to develop their activities should be as follows:

- 1) Government policy in regard to agricultural marketing should be in favour of the cooperative marketing societies.
- 2) Financial assistance in the shape of (a) share capital contribution (b) loans and subsidies for construction of godowns, purchase of vehicles (c) government guarantee to the working capital obtained by the societies from the financing institutions and (d) contribution to price fluctuation fund.
- 3) All the facilities and financial assistance for procurement of inputs should be made available. Scarce inputs like fertilizers should be routed through the marketing societies.
- 4) Government should arrange for according priority on movements of wagons in respect of goods of the society.
- 5) Training and education programmes should be framed to

induce the farmers to organise marketing cooperative and also to enlarge the membership of the existing societies.

6) Commodity Corporations set-up by the Government should encourage the cooperative and should not function in competition with them.

7) Cooperatives should get preference in setting up of agro-service centres.

In order to safeguard the interest of the government a limited number of directors on the board may be nominated by them. They should not interfere in the day to day functions of the society affecting the autonomy of the society. When the society is able to obtain competent Manager, government should not insist on the appointment of a government officer as the Manager. Government nomination should be withdrawn as soon as the share capital received by the society is paid back.

What are the problems encountered by the Marketing Cooperatives in acting as agents of Government in the foodgrains procurement programme and how could these problems be overcome ?

Problems:

1. Cooperatives are being involved in the procurement operations on an adhoc basis from year to year which results in their inability to plan the arrangement for the programme.
2. Unremunerative price policy inhibits the fulfilment of the target of the procurement programme.
3. Each agency of procurement namely FCI, State Government and Cooperative vie with each other in establishing centres for purchase in the interior places which creates unhealthy competition among them.
- 4) Imposition of levy for purpose of procurement of rice from the rice mills at a price less than the market price places the cooperative in a disadvantageous position as compared to private trade since the cooperatives cannot resort to any mal-practices which the private trade may indulge.

5) Difficulties have been experienced by the cooperatives in regard to the determination of quality by the FCI, resulting in delay in settlement of bills.

6) Delays in lifting of stocks by the FCI resulted in difficulties of storage and delayed payment.

SOLUTIONS:

1) It is necessary to evolve a long term policy about the involvement of cooperatives in the procurement programme.

2) A realistic procurement price taking into <sup>account</sup> the cost of production and the market trends should be fixed.

3) It is essential to demarcate specific areas to specific agency to avoid unhealthy competition.

4) The levy price should be fixed on realistic basis. The cooperative rice mills should be appointed as Milling Agents without calling for tenders. The charges for custom service should be negotiated and fixed on a realistic basis.

5) It is necessary to have the guidance of quality instructors at regular intervals. The society should be provided samples. FCI officials at the field level should be instructed to lift the stock and clear the bills expeditiously.

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Proceedings of discussions of  
Group-II

The following persons participated in the discussions held on 12th October 1973.

1. Shri P.K.M.Raja,
2. Shri B.N.P.Dangwal
3. Shri P.B.Pare
4. Shri Sivagnanam

Shri P.K.M.Raja was elected as Chairman and Shri P.B.Pare as Secretary.

The gist of the discussions is given below:

What are the problems encountered by the Marketing Cooperatives in acting as agents of government in the foodgrains procurement programme and how could these problems be overcome ?

The group discussed this topic in detail. It was found that there is no uniformity in the system of procurement of foodgrains in the States. However, the general difficulties and problems encountered with and the probable solutions are given below:

1) In a few states Cooperatives are appointed as agents for procurement by government alongwith other agencies. This has created unhealthy competition and operational problems. So wherever possible, cooperatives be given sole agency. Where this is not possible clear-cut demarcation in the area of operation of each agency should be made.

2) Financial problem faced by the cooperative can be overcome if they are given advances taking into consideration the targets fixed. So also, reimbursement of the bills should be made promptly.

3) In many cases shortages of packing material were felt. This can be overcome by supplying the same to the cooperatives before commencement of the season so that it can be transported to the centres in time.

4) There are difficulties in procuring stocks according to the prescribed specification and since the cultivators often do not bring stocks according to the standards fixed. In the circumstances, actual and reasonable drilage shortage should be allowed to the cooperatives.

5) The arrangement for taking delivery and transport of stock is not done within the prescribed time. This should be done.

6) The marketing cooperatives at the lower level undertaking procurement is not getting sufficient remuneration. In the connection the lower level societies should be allowed maximum margin. The federal organisation should retain only nominal service charges.

and 7) The services of quality inspectors should be made available to the societies at the producing centres as far as possible.

Identify the functions that are required to be performed at different stages in the marketing process in respect of;

(a) Purchase and supply of fertilizers:

Functions required to be performed in the marketing process in respect of purchase and supply of fertilizers are

1) At the primary level the requirements of fertilizers should be collected from the member societies on the basis of individual farm plans atleast one year in advance.

2) This should be communicated to the federal institution, fertilizer-wise, destination-wise.

3) The federation should confirm the supply arrangements in advance for which they have to negotiate supply arrangements with manufacturers and arrange despatches. In the absence of such confirmation, the primary societies may be allowed to get supplies from other available sources.

4) Adequate financial and storage arrangement should be made at the federal, primary and village level.

5) The federal institution should also provide agricultural extension services in collaboration with primaries.

(b) Marketing of any commodity which is not subject to Government control such as jaggery or groundnut or onions or fruits and consider the types of federal services that might be needed at particular stages.

f) The society at primary level should prepare its marketing plan taking into consideration the marketable surplus in their area.

2) Federal and primary societies should have a coordinated programme.

3) Federal organisation should provide market intelligence and guidance to business concerns.

4) The publicity and promotional work should be attended to by the Federal organisation.

5) The Federal organisation should look after the transport and proper storage arrangements at the terminal market.

6) The Federal organisations at State and National levels should arrange disposal of produce at the most favourable markets within and outside the country.

7) Wherever possible the processing should be done at the primary level before commodity is marketed. The technical and promotional staff of the Federal organisation should assist the societies in installing and running the processing plant.

8) Federal Marketing and Consumers' Organisations should establish close business links.





### Proceeding of Group-III

The following persons participated in the discussions held on 12th October 1973.

1. Shri N.Palani, Chairman
2. Shri A.S.Sodhi,
3. Shri V.S.Bhandari
4. Shri Jawaharmal Jalori
5. Shri B.K.Mishra, Secretary

The gist of the discussions is given below:

Identify the functions that are required to be performed at different stages in the marketing process in respect of  
(a) purchase and supply of fertilizers  
(b) marketing of any commodity which is not subject to Government control such as jaggery or groundnut or onions or fruits and consider the types of federal services that might be needed at particular stages.

The functions that are required to be performed at different stages in the marketing process in respect of purchase and supply of fertilizers may be stated as follows:

1. Assessment of requirements of fertilizers
2. Taping sources of supply
3. Negotiations with the suppliers for rate and quantity to be purchased
4. Placing of final orders
5. Financial arrangements required for purchase
6. Storage at proper time and at proper places
7. Distribution of stocks to retail points
8. Farm guidance service

#### 1. Assessment of requirements of fertilizers:

The assessment of requirement of fertilizers should be done by the primaries in the first instance. The primaries should take into account the fertilizer requirements of all their members and inform the federation of their total requirement. With reference to these particulars the federation will make an assessment of the total requirements of fertilizers at the state-level.

2. Tapping the sources of supply:

The federation should assess whether the fertilizers required are available locally or to be imported, the firms to be contacted in this regard, etc.

3. Negotiations with the suppliers for rate and quantity to be purchased:

The federation should negotiate with the suppliers and enter into agreement for supply at most advantageous terms.

4. Placing of final orders:

The federation should place the final orders taking into account the finance available, facilities such as off-season rebate, etc. The order should indicate the time and place of delivery.

5. Financial arrangements required for purchase:

The federation should assess the finance necessary for the purpose even while assessing the requirements of fertilizers and make proper arrangements for getting finance in time.

6. Storage at proper time and at proper places:

The federation should advise the primaries regarding the storage of fertilizers at proper time and places.

7. Transport of stocks to retail points:

If the primaries do not have their own lorries for transport, the federation should arrange for the transport of stocks to retail points with its lorries or by hiring.

8. Farm guidance services:

The federation should help the primaries in organising a proper farm guidance service which will enable the farmer to apply the correct dosage of fertilizers. The federation may employ trained personnel for this purpose and lend them to primaries.

Soil testing facilities may also be provided to recommend the use of fertilizer required and with quantity.

The following federal services will be needed; in relation to marketing functions:

1. Provision of finance
2. Technical advise and market intelligence
3. Marketing of Produce
4. Storage facilities
5. Setting up of processing units

1. Provision of finance:

The federation should provide finances to the primary marketing societies by way of loans or subsidised the interest on borrowings so that the marketing societies can borrow funds at economic returns and utilise the same to the best advantage.

2. Technical advise and market intelligence

The federation should have technical and promotional cell to provide assistance in handling of machinery, its repairs, etc. It should also provide market intelligence to the societies by way of market rates within the State and outside the State. The federation should also advise the societies as to when and how to undertake purchases.

3. Marketing of produce:

The federation should provide facilities and outlets for the sale of produce within and outside the state. It should particularly help the primaries in Inter-state and export trade.

4. Storage facilities:

It is very important to undertake purchases and conduct sales at the proper time, in case these are to be help up, to wait for the proper opportunity there should be no hesitation in this respect. The cooperatives should work out such an arrangement and for this purpose the proper storage facilities may be worked out and set-up. The federation should also try to help the primaries in the construction of storage i.e. purchase of construction materials, technical assistance, etc. The federation may have a construction cell consisting of engineering personnel for this purpose.

5. Setting up of processing units:

To help the farmers to get remunerative price for their produce and the primaries to dispose of the purchased materials, the federation should put up certain processing units in those areas where raw materials are easily available, for example, Vanaspati Unit, Rice Bran Oil Unit, etc.

What should be the most appropriate management structure in a federal organisation to ensure that the services rendered by the federation are satisfactory to the affiliated cooperatives.

- (a) composition of the general body
- (b) voting power in the general body
- (c) composition of the board of directors

The federation should compose of societies only and no individual should be admitted. In the case of marketing federation, the membership may be open only to societies dealing in marketing , agricultural processing, cold storage and such allied/activities. In addition to this regional/District Cooperative Marketing Unions, may also be enrolled as members wherever they exist. The general body of the federal organisations should consist of delegates of all member societies . Each member society should be represented in the general body by only one delegate. Each delegate should have only one vote irrespective of the membership and turnover of the society he represents. This is to ensure that the stronger societies do not dominate over weaker societies at the federation level.

The Board of Directors of the federal society should be elected in such a way that area-wise representation is given on the Board. In other words, equal to the number of seats on the Board of Directors, constituencies may be formed of the members, to elect one representative from each constituency on the Board.

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**Proceedings of discussions of  
Group-IV**

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The following persons participated in the discussions held on 12th October 1973.

1. Shri N.Sreenivasulu, Chairman
2. Shri S.J.Mukherji, Secretary
3. Shri C.P.Shukla, Member
4. Shri K.G.Chowdhury, Member.

The gist of the discussions is given below:

What types of assistance Marketing Cooperative should receive from Government in order to develop their activities, while maintaining the essential autonomous character of cooperatives?

As the cooperative marketing societies have now come up as effective instruments of servicing agricultural production programmes and are doing marketing service, it would be in the interest of Government with the aim of helping the agriculturists that they are properly assisted. The assistance should however be without strings attached to it like the power to nominate Chairman or the majority of Board of Directors. The financial assistance could be in one or more of the following: (1) Share Capital (2) Managerial Subsidies, (3) Margin Money (4) Contributions to Price Fluctuation Fund (5) Preference while assigning food procurement business and agency in functions like distribution of fertilizers, etc. and (6) Guidance in the form of training and market research.

The group was of the firm opinion that in case government reserves the right to nominate Chairman and majority of Directors as a pre-condition for contributing to share capital, the societies may prefer to go without it rather than having it with a view to maintain their autonomous character.

While the financial assistance will form an important part, the group felt that the main factor to influence the autonomous character of the cooperative organisation is the State Cooperative Societies' Act. Without going into details, the various amendments

in the cooperative societies areas in various States during recent pasts show a tendency to regard the purpose of cooperative societies in the management of its own business as the legislation itself is an State-aid, a serious thinking is necessary to amend the acts in a manner which will help in preserving the autonomous character of the societies.

What would be the most appropriate management structure in a federal organisation to ensure that the services rendered by the federation are satisfactory to the affiliated cooperatives. Discuss with reference to:

- (a) Composition of the General Body
- (b) Voting power in the General Meetings
- (c) Composition of the Board of Directors

The appropriate management structure for a federal organisation would be (1) which gives adequate representation to its primaries in general body and also in the board of management. The group was of the opinion that while one delegate<sup>or 1</sup> with one vote may be allowed in general body from each society, additional vote upto a maximum of five in all may be allowed to societies whose business transactions with the federation are over and above the minimum as may be prescribed by federation in its bye-laws. In regard to composition of the board of directors, the group was of the view that the board should not consist of more than 15 persons of which atleast 80 per cent should be elected from amongst the members of the general body in accordance with the bye law provisions and the remaining should come as nominees of cooperative development department, nominees of financing bank and accepted by the board either from its own employees or from outside from amongst experts.

Proceedings of the discussions held  
by Group-I

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16th Oct. 1973

11.30 a.m.

The following were present:

1. Shri S.Prakash, Chairman
2. Shri Myllemngap, Secretary
3. Shri D.C.Agarwal
4. Shri S.S.Rahman

Identify the various cost items involved in storage and transport and discuss how to reduce them with special reference to foodgrains marketing in India.

The group identified various cost items involved in storage and transport and recommended the following with special reference to foodgrains.

(1) Agriculture produce is generally bulky which require more space in storage and transport involving more of handling charges as compared to its value.

(2) Agricultural produce is seasonal by nature and the demand for it is relatively steady throughout the year which necessitates storage in quantities to meet the demand.

(3) Different crops are grown in particular areas while consumption is widespread which necessitates transportation costs.

(4) The farm holdings being small yield only small marketable surplus which makes the collection and transport costly.

(5) Since crops of different varieties are grown in the same area, these storage becomes complicated and expensive.

(6) Unsystematic infrastructure and delay in transportation in shifting the stocks add to the costs of transport. The group recommended the following ways for reducing the costs of marketing:-

(1) Organisation of cooperative marketing societies having storage and transport facilities help in reducing the costs and



The items of cost involved in storage of transport of fruits & vegetables may be identified as under :

- (a) Collection of produce from the producers
- (b) Sorting, grading and packing at the assembling centre.
- (c) Transport of the produce from the assembling centre to the terminal market.
- (d) Cost of loading & unloading at the check posts in case of inter state markets.
- (e) Cold store charge at the terminal point to ensure the sale of the produce at a later date when the market conditions are favourable.

The following measures are suggested for reducing the transportation and storage cost.

- i. Through transport arrangements should be available for carrying the goods from the assembling centre to the consuming centre.
- ii. The loading & unloading charges at octrio points should be eliminated & arrangement between different states involved in the process of transportation of the goods.
- iii. Processing arrangement should be available at the production centre for processing the off grads & surplus stocks.
- iv. Cold Storages should be available in the Cooperative sector itself at the consumer centres in case of fruit & <sup>at</sup> production Centres in case of vegetables.
- v. Marketing cooperatives should not depend for transport exclusively on private transport operators. Cooperative should have transport arrangements of their own. Transport Cooperatives should be encouraged for the coverage of goods of cooperatives meant for export & import.

(...3/-)

Proceedings of the discussions held  
by Group-III

The following members of the group participated in the discussions held on 16th Oct. F.N.

1. Shri Jawaharnal Jalori, Chairman
2. Shri V.S. Bhandari, Secretary
3. Shri A.S. Sodhi
4. Shri N.A. Palani
5. Shri B.K. Mishra

The following is the gist of the debate.

Discuss the different ways marketing cooperatives can carry out the "dynamic function" (function of supplying market information to the producers)

The group considered the question of supply of market information to the producer by the cooperative marketing societies and its different ways. It is very important to first outline the requirements of market intelligence which is to be conveyed to the producers before the ways are discussed.

The cooperative marketing society as at present in the country are more or less involved in the primary functions such as marketing, supply and distribution at their own premises and has hardly any deeper relation with the producers in the field. No doubt the present role is also necessary but to do service to the farmers more purposefully and efficiently a close link between the two is very necessary. To achieve this in addition to present functions the society should establish personal relation with the producer to work out his production plan as well as marketing plan. The cooperative marketing should invariably keep the producer informed on the following points:

- (1) The present price trends in the market of a crop which is likely to sow.
- (2) Forecasting of price at the time of coming up of a new crop in the market.
- (3) Availability of inputs - fertilizers, seeds, insecticides their sources of supplies, prices and proper use of fertilizers

required for the various crops.

(4) The societies should be able to inform the farmer producers to adjust their production plan keeping in view their requirement of processing units in that area.

(5) The society should be able to communicate the prospect of inter-state and export trade.

(6) The society should also be able to communicate to the members the consumers trends and the requirements.

The primary marketing society has to keep a close liaison with the producers to exchange information on the above mentioned points. This can be advised in various ways but the following actions are necessary on their part:

(1) Through regular daily bulletins and radios the prices prevailing in various important Mandis of major crops.

(2) By issuing daily letters by post to primary service cooperative society or to some progressive farmers.

(3) By holding weekly or fortnightly review discussions  
Hd. Qtrs. of  
at the primary marketing society.

(4) To inform serious fluctuations of prices either by telephone or by messenger to the centrally located place.

Proceedings of discussion held  
by Group-IV

The following persons participated in the discussions held on  
16th Oct. 1973 F.N.

1. Shri K.C.Chaudhary, Chairman
2. Shri N.Sreenivasulu, Secretary
3. Shri C.P.Shukla
4. Shri S.J.Mukherjee

Why is the quality payment to producer justified ?  
How should the cooperatives operate quality payment  
schemes ?

The group was of unanimous opinion that the quality payment  
to producers would be justified on the following grounds.

(1) As the higher quality in some products are likely to  
fetch higher price in the market, it would be but fair only, if the  
price benefit is passed on to the producer.

(2) This would also enable continuous supply of quality  
goods because of incentive price to the producer. This will also  
help to cater to the special requirements of a particular class of  
consumers buying only higher quality products.

It would also open the possibilities of widening the market  
and will help in building up inter-state and export trade.

Methods of operating quality payment scheme:-

The cooperative marketing societies will have to first  
identify the market and assess the demand of quality produce on the  
basis of estimated demand, they will try to build up supplies by  
contacting the members producing quality produce. This will involve  
grading, scientific storage and packing the products before sale.  
The payment has to be made to the producer on the basis of ultimate  
price which the produce would fetch in the market.

The operation of the quality payment scheme has its limita-  
tions e.g. it would depend on the degree of consumers' preferences  
for the produce, the cost of production involved and eventually the  
additional return which a producer would get from the sale of produce.



Proceedings of discussions of  
Group-I

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The following members of the group participated; in the discussions held on 16th Oct. 1973; at 3 p.m.

1. Shri S.S.Rahman, Chairman
2. Shri D.C.Agarwal, Secretary
3. Shri Som Prakash
4. Shri Myllemngap

Shri Karunanidhi could not participate because he left the seminar owing to the death of his father.

What are the characteristics of markets that make processing profitable to producers ?

The group was of the view that the main characteristics of markets constitute the following points:

- (1) The location of the market should be such that it may be easily accessible to surplus produce and should have better facilities of quick transportation and at the same time it should not be very far from the consumption points.
- (2) The market should have a regular supply of permanent surplus of raw materials for continuous feeding of the processing unit.
- (3) Cost of marketing of processed produce should base on the critical analysis of economic viability.
- (4) Identification of market should also be assessed well before the processing of agricultural produce.
- (5) Market intelligence is an important factor and requires careful study of ruling prices in different markets, consumers' behaviour, demand and supply position, knowledge about products of other competitors and the like.
- (6) Stability of market is another factor which can be maintained after careful financial, personnel, organisational planning and Extension work for stabilising the use of surplus commodities throughout the year.



Proceedings of discussions held  
by Group-II

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The following members participated in the discussions held on  
16th Oct. 1973 in the afternoon.

1. Shri O.N.Mattoo, Chairman
2. Shri (Dr) G.Ojha, Secretary
3. Shri B.N.P.Dangwal
4. Shri P.K.M.Raja
5. Shri M.Sivagnanam
6. Shri P.B.Pare.

The group observed that a number of cooperative processing units are working below the rated capacity and are therefore, working on loss. This is largely due to absence of proper techno-economic feasibility study and project planning before setting up the project. In this connection the group felt that the following areas should be covered by the feasibility study.

- 1) Identification of the commodity to be processed which which be based on the study of the market.
- 2) The type of processing to be undertaken
- 3) Availability of raw material to run the processing unit at an optimum level
- 4) Proper transport and communication facilities for collection of raw materials and finished products
- 5) Proper location of the processing unit keeping in view among other things the availability of adequate power supply to run the plant and proper hygienic and climatic conditions and supply of skilled and unskilled labour.
- 6) Whether the processing unit should be dependent one or an adjunct of a marketing society dealing with the commodity.
- 7) Whether financial outlay on the setting up of the unit will give adequate return on the capital investment.
- 8) Scope for economic utilisation of the bye-products.

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SUMMARY

Seminar was of the view that the bulkiness, perishability, seasonality and localised production, small size of farms, lack of well developed infrastructure and unhealthy competition are major factors which have got a direct bearing on transport and storage cost of fruits and vegetables.

The seminar felt that there is scope to reduce the present costs of assembling grading, packing, transport and storage and recommended that for reducing these costs, through transport facilities from production point to consuming centre proper packaging facilities and cold storage facilities should be made available. The entire operations should be integrated with higher level societies. Also loading, unloading in transit should be eliminated.

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Proceedings of discussions held  
by group-III

The following members of the group participated in the discussions held on 16th Oct. A.N.

1. Shri V.S.Bhandari, Chairman
2. Shri B.K.Mishra, Secretary
3. Shri A.S.Sodhi
4. Shri N.P.Palani
5. Shri Jawaharnal Jalori

What factors should be taken into consideration when deciding on the location of a processing plant ?

The cooperative marketing activities can be broadly divided into two parts:

1. Marketing and supplies
2. Processing

The activity of marketing and supplies is generally being looked after in a systematic manner whereas the processing has'nt been given the due importance. The processing activity has either been taken up by the marketing society as a subsidiary items or in some cases few processing have come up commoditywise. No doubt, the processing is a very close activity rather a follow up action of marketing and supplies. But processing has to be examined and analysed as a separate activity has to be taken up with regards to its economy. During these analysis the foremost factor for setting up a processing unit is the location.

Few of the processing units set up in the country have suffered badly due to wrong location and it is very important to examine this aspect in detail with other points, before taking up the location will have to be tagged up with other aspect but solely the location does not cover all the points. As such, for deciding of location for setting up processing unit by cooperatives need looking up.

- (1) Possibility of enrolling sufficient members in the area

(2) Availability of sufficient raw material for the type of unit to be set up.

(3) Collection of funds from members and borrowing from other sources.

(4) Transportation of raw materials from the farm to the processing unit.

(5) Availability of the other raw materials required for finishing of the processed material.

(6) Availability of marketing facility for the finished product.

(7) Transport cost of raw material from the actual place of production to the plant.

(8) Availability of other raw material for processing purposes.

Proceedings of discussions held  
by Group-IV

The following persons participated in the discussions held on 16th  
Oct. 1973 A.N.

1. Shri K.C.Chaudhary, Chairman
2. Shri M. Sreenivasulu, Secretary
3. Shri C.P.Shukla,
4. Shri S.J.Mukherjee.

Outline the sources open to cooperatives to gather market  
intelligence and methods of collecting them:

Before outlining the sources open to cooperatives to gather  
market intelligence and methods of collecting them, the group felt  
that it would be necessary to indicate as to what would precisely  
mean by 'Market Intelligence'. From the View Point of cooperatives  
informations relating to 'Production Forecast; Demand, Sales and the  
Price; would broadly come in the category of market intelligence.'  
The group felt that the market intelligence could be gathered from the  
following sources which may be grouped as under:

- (1) Internal Sources
- (2) External Sources

Internal Sources:

The societies have their contact with the growers and  
keep regular statistics about their members handling, production and  
the price paid to them for the produce delivered to the society.  
All these information are booked in the societies' own account books.  
The daily as well as periodical statistics compiled by societies  
serve as useful statistics for future transactions. Apart from the  
above national level, state level marketing and educational cooperative  
organisations have also started furnishing market intelligence which  
could be made use of to the extent required.

External Sources:

The following are the external sources of collecting market  
intelligence:



- (a) Daily newspaper
- (b) Radio
- (c) Business and Market Bulletins
- (d) Government Agencies (Agr. Deptts.)
- (e) Publications issued by market committee, etc.

The market intelligence could be collected by cooperatives by having a look at their own account books and their publications. By keeping personal contact through telephone and also by mail the cooperatives would however would be required to use all or any of the above modes of collecting information depending upon the nature of their organisation and the type of information useful to them.

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Proceedings of the discussions held by  
Group-I

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The following members of the group participated in the discussions:

1. Shri S.S.Rahman
2. Shri M. Karunanidhi
3. Shri D.C.Agrawal
4. Shri Som Prakash
5. Shri Myllemngap

Shri M.Karunanidhi was elected as Chairman and Shri Som Prakash as Secretary. The following is the gist of the discussions:

What are the reasons for gaps in Plan Programmes and actual achievements ?

- 1) Sometimes the targets fixed at the top-level are unrealistic. The targets should be fixed from the ground level taking into account past performance, resources, etc. so as to make them more realistic.
- 2) Lack of efficiency and business-like attitude of the managerial personnel who are given the responsibility of implementing the programmes.
- 3) Selection of wrong location of the society in a place which is not a marketing centre results in nonfulfilment of target.
- 4) Lack of functional coordination and absence of business relationship between the primary societies at the lower level and apex society at the higher level is also responsible.
- 5) Undue government interference in the day to day working of the societies stands in the way of smooth working.
- 6) There is a fair amount of political interference by vested interests which prove detrimental to proper working of the societies.
- 7) In the case of State-trading, imposition of government levy, the various types of bans and taxation measures also undermine the business operations of the societies as the cooperatives cannot indulge in malpractices and evasion of taxes like private traders.

8) There is also no coordination between the cooperation department and other connected departments in the government, which results in adopting a policy unfavourable to the cooperatives.

9) The marketing societies do not provide an incentive for creating a sense of confidence, loyalty towards their own organisation such as that of patronage dividend/bonus or distribution of a part of profit in proportion with their actual participation.

Should a marketing cooperative provide production finance to farmer-members ?  
Give reasons.

As a matter of principle, the marketing societies should provide not/production finance since there is already a separate institution for meeting the basic requirements of the farmers. But under the special situation where/in an area there is no no cooperative credit institution and if the existing one is dormant, the production finance should be provided by the marketing society of the area for which the Reserve Bank of India should make available the concessional finance through Central Cooperative Bank.

Reasons:

- 1) Already there is a separate institution for meeting the credit needs of the farmers. It may entail duplication of function.
- 2) The marketing societies are not expected to enrol all the farmers of its area of operation as its members.
- 3) It does not have additional separate funds for this purpose.
- 4) It is difficult for the societies to fulfil all the formalities required for making this finance.
- 5) There should not be any mixing of banking activities with business activities.
- 6) Marketing societies will not be able to take additional responsibility of providing credit, while generally they are not in a position to undertake their legitimate functions like assembling, marketing, processing, supply of inputs, etc.

Proceedings of the discussions held by  
Group-II

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The following members of the group participated in the discussions:

1. Shri M.Shivagnanam
2. Shri B.N.P.Dangwal
3. Shri P.B.Pare
4. Shri P.K.M.Raja

What should be the pre-conditions of making primary marketing cooperatives viable ?

Shri P.K.M.Raja and Shri P.B.Pare were elected as Chairman and Secretary, respectively for this topic.

The above subject was discussed in our group and we feel that the following pre-conditions are necessary for making primary marketing cooperatives viable.

1) Proper location - The marketing cooperatives should be located in the Mandi centres.

2) The area of operation of the societies should be related to the natural flow of agriculture produce to the market centre where it is located.

3) There should be a sound financial base to the societies. They should have initially a minimum of Rs.1 lakh as their share capital.

4) There should be a sizeable quantity of marketable surplus of agriculture produce in the area of operation of the marketing societies. In this connection the group felt that the average annual turnover of a society should atleast be to the extent of Rs.25 to 30 lakhs.

5) The societies should have all facilities for marketing of agriculture produce viz. assembling, transport, storage, financing, processing, etc.

6) The marketing cooperatives should have diversified business activities viz. distribution of agricultural inputs, distribution of



consumer articles. Although these activities may not bring much profit it will be essential from the service point of view as well as to sustain loyalty and interest of members.

7) The marketing cooperatives should forge effective business link with the service cooperatives in their area as well as with the higher level societies and consumers' cooperatives., so that an effective vertical and horizontal integration can be brought about.

8) The marketing cooperatives should have proper management personnel with business acumen to run the institution.

We are of the opinion that the above conditions should be fulfilled to ensure the viability of primary marketing societies.

What are the reasons for gaps in  
plan programmes and actual achievements ?

Shri P.B.Pare and P.K.M.Raja were elected as Chairman and Secretary respectively for this topic.

The above topic was discussed in our group and <sup>it</sup> was felt that the following reasons are assigned to the shortfall in the targets and achievements relating to cooperative marketing.

1) While laying down the targets realistic assessments were not made as to the potentialities and resources in the area of operation.

2) Due to defective implementation of the programme and unsystematic approach to the problems of the area the gaps in achievements were created.

3) Non-involvement of members and non-officials at the base level in the planning and execution of the programmes.

4) Lack of coordination between various agencies, institutional and departmental involved in the execution of the programmes.

5) Untimely and inadequate supply of materials and requisites necessary for execution of the programme.

6) Lack of proper managerial personnel with business bias and foresight.

7) Necessity of technical know-how to execute the programmes.

8) Difficulties in providing necessary finance in time and to the required extent.

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Proceedings of the discussions held by  
Group-III

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The following members of the Group participated in the discussions:

1. Shri N.Palani
2. Shri A.S.Sodhi
3. Shri V.S.Bhandari
4. Shri B.K.Mishra

Shri A.S.Sodhi was elected as Chairman and Shri N.Palani was elected as Secretary. The following is the gist of the discussions:

What should be the pre-conditions of making a primary marketing cooperative viable ?

The main pre-conditions of making a primary marketing society viable are as follows:

1. Proper location
2. Wider enrolment of membership
3. Possibility of raising adequate funds
4. Availability of marketable surplus

1. Proper Location:

The organisation of a cooperative marketing society should be done taking into account the marketing facilities available in the area and the head-quarters of the society should be fixed at the Mandi centre.

The area of operations of the society should be compact and homogenous within a radius of 5 to 6 miles so that the farmer can easily bring his produce to the shop of the marketing society.

2. Wider Enrolment of Membership:

The membership of a marketing society can be divided into four categories; viz. (a) primary credit/service societies (b) individual growers (c) nominal members and (d) government.

Efforts should be made to enrol all the service societies in the area of operation of the primary marketing society. These primary service societies can work as sub-agents of the marketing society for distribution of agricultural inputs, consumers' articles, etc.

and at the same time be agents of the marketing society for collection of produce and its disposal through the marketing society thereby helping the farmers to get remunerative price for their produce. The individual grower-members can in their own capacity market their produce through the marketing society. Nominal membership may be open to such persons, firms or associations who are having business operations with the primary marketing society. The benefit of such membership is that in case of any dispute the matter can be referred to arbitration and the parties need not go to civil courts for the settlement of the dispute.

### 3. Possibility of Raising Funds:

There must be potential for raising adequate share capital in the area as it forms the base for the borrowings of the society. The value of a share may be Rs.100 payable in 2 annual instalments.

### 4. Availability of Marketable Surplus:

It is very important to examine the availability of marketable surplus of the cash crops and the foodgrains in the area of the society.

How can a marketing cooperative make its operations broad-based ?

The cooperative marketing societies generally are taking up the activities of procurement and supplies. Both these functions are because of the patronage of the government. These are not the permanent features of a cooperative marketing system. It is very important that the marketing societies develop self-sufficiency and adopt such activities for this purpose. The supplies which are at present undertaken can be divided into two main categories:

1. Agricultural Inputs

2. Consumers' Supplies

Agricultural supplies are further of two types:

a) Supplies from government sources; &

b) Supplies from open market.

It is very essential that the cooperative marketing societies

develop business relations with suppliers in the open market to keep regular flow of supplies even when government supplies are not forthcoming.

In addition to the two main activities listed above, the independent activities without the support of the government are taken up which can be : (i) outright purchase (ii) working as commission agent (iii) advancing pledge loans either by keeping the produce in the godowns owned by society or by making reservations in warehouses on behalf of the members (iv) providing of custom service and other agricultural requirements i.e. oils, petrol, etc. so that the economic and timely use of agricultural machinery is ensured during the sowing and harvesting periods (v) taking-up of processing activities - It is not very essential that big projects be taken up by the societies but small processing projects i.e. rice shellers, cold storages, cotton ginning, oil mills, groundnut decorticators can be set up. This will not only help the society to be broad-based and self-sufficient but also will help the farmers in the remunerative disposal of their produce and provide assured market (vi) Farm advisory service - Alongwith the distribution of agricultural inputs, the marketing societies must also convey the latest farm practices, recommendations and their results. These societies should also provide technical help in this respect; and (vii) Market Intelligence - The most important service which a marketing society must perform is the conveying of market intelligence to its members. This will help and enable the members to decide about the disposal of their produce in a manner and at a time most economical to them.

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Proceedings of the discussions held by  
Group-IV

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The following members of the group participated in the discussions:

1. Shri S.S.Mukherjee, Chairman
2. Shri Shrinivasalu, Secretary
3. Shri G.P.Shukla, Member
4. Shri K.G.Ghaudhary, Member

Should a marketing cooperative provide production finance ? Give Reasons.

The group was of the unanimous opinion that a stage of cooperative development has reached in which it would be advisable to channelise the production finance to farmer members through marketing cooperatives. However, the group felt that the long-term production finance should continue to be routed through the existing cooperative land development banking structure. The following are reasons in support of the above contention:-

1) It would enable a marketing cooperative to provide all the agricultural inputs including credit in cash through a single agency as it has already been experimented upon in case of certain commodity cooperative marketing societies.

2) It would also enable effecting of controlled credit recoveries and disbursement of supervised credit.

3) It would enable viability from the increased turnover due to diversification of activities.

In order that the marketing cooperative comes up as an agency for taking up production finance, it would be necessary to amalgamate or liquidate the existing primary service cooperative village societies. The group has not recommended the taking-up of disbursement of long-term finance through the cooperative marketing society at present as it involves a very sophisticated procedure in respect of floatation of debentures.

How can a marketing cooperative make its operations broad-based ?

The group was of the view that the operations of a



marketing cooperative could be broad-based if it undertakes the functions of supplying agricultural requisites like improved variety of seeds, fertilizers, pesticides, agricultural implements, consumers' goods and short and medium-term credit and farm guidance alongwith the existing marketing and processing activities.

It would however be necessary that the Reserve Bank of India is persuaded to accept marketing societies as the ultimate agencies for disbursement of short-term and medium-term finance in respect of which concessional finance should be made available to them as at present through the district/central cooperative banks. The National Commodity Corporations should also be persuaded to recognise the marketing cooperatives as agencies for supplying agricultural requisites at the village level. The Food Corporation of India and other Corporations of the type should also be persuaded to recognise the marketing cooperatives as their agents for procurement.

As financial requirements for undertaking the above operations would be quite huge, a separate line of credit as distribution finance will be necessary. It is suggested that the same should be extended by the nationalised commercial banks and wherever possible by the cooperative banks at a lower margin.

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Proceedings of Group-I

17th Oct. 1973

The following members of the group were present:

- 1) Shri D.C. Agarwal, Chairman
- 2) Shri S. Prakash, Secretary
- 3) Shri G. Myllemangap
- 4) Shri S.S. Rahman

The group discussed the various types of technical and other information which should be communicated to the farmers through farm guidance services taking into consideration the agricultural conditions prevailing in India.

(Q. What types of technical and other information should be communicated to farmers through farm guidance services taking into consideration the agricultural conditions prevailing in India?)

The group was of the view that the following technical and other information are necessary.

A) Technical

- 1) Propagation of production techniques developed by agricultural experimental and research institutions;
- 2) To design the plan for soil improvement and soil testing;
- 3) To suggest the proper use of agricultural inputs like fertilizers, seeds, insecticides and pesticides, etc.
- 4) To suggest minor irrigation equipments as an alternative channel for irrigation;
- 5) To suggest the use of agricultural machinery for effecting saving in seed-sowing operations, harvesting, storage and other agricultural operations;
- 6) To suggest setting up of agro-service workshops;
- 7) To suggest setting up of processing units for utilising the surplus production;
- and 8) To set up demonstration plots and show experiments.

B) Other Information

- 1) To introduce the idea of farm management

- 2) To impart the knowledge about production system;
- 3) To suggest measures for land improvement including its size;
- 4) To provide farmers necessary market information;
- 5) To suggest how to attain stronger bargaining power through cooperatives by strengthening their activities from production to distribution;
- 6) To provide the knowledge about the incentives and the services provided by the Government;
- 7) To raise production level of certain commodities after careful study of economic, geography and natural conditions of the area along with the demand of the commodity;
- 8) To develop the literacy by organising social and adult educational classes;
- 9) To suggest the ways of raising income by integrating agriculture with livestock, poultry horticulture and ancillary industries;
- 10) To form the agriculturists into commodity groups such as of foodgrains, fruits and vegetables, etc.
- 11) To suggest the economics of quality payment scheme and packing devices.

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Proceedings of Group-II

17th Oct. 1973

What types of technical and other information should be communicated to farmers through farming guidance services, taking into consideration the agricultural conditions prevailing in India ?

The subject was discussed by the group consisting of the following members:

- 1) Shri G.Ojha, Chairman
- 2) Shri O.N.Mattoo, Secretary
- 3) Shri P.K.M.Raja
- 4) Shri P.B.Pare
- 5) Shri M.Sivagnanam
- 6) Shri B.N.P.Dangwal

The group was of the view that the following information and farm guidance services should be given to the cultivators.

- 1) Information regarding soil testing;
- 2) Helping the farmer in deciding the best cropping pattern during each season;
- 3) Knowledge regarding crop rotation;
- 4) Guidance relating to improved cultural practices including the use and application of farm inputs;
- 5) Knowledge regarding farm budgeting and farm management;
- 6) Methods of preparing individual farm plans;
- 7) Technical assistance in carrying out modern techniques particularly indicating most suitable variable input combinations;
- 8) Storage techniques; and
- 9) Marketing intelligence.

The group is of the view that the cost on providing the farm guidance information and farm guidance services should be shared by the primary marketing society and the central financing agency.



Proceedings of Group-III

17th October 1973

Discuss how the marketing societies should carryout farming guidance services, what relations they should have with the federations in this work and how these services should be coordinated with the agricultural extension work of the Government.

The following persons participated in the discussions:

- 1) Shri A.S.Sodhi, Chairman
- 2) Shri N.Palani, Secretary
- 3) Shri V.S.Bhandari
- 4) Shri Jawaharmal Jalori
- 5) Shri B.K.Mishra

The gist of the discussions is given below:

The cooperative marketing societies have generally taken up the activities of marketing, supplies and processing. But the essential aspect of marketing - farm guidance service at various levels is not being given due importance. The farm guidance service can be taken up by the primary marketing society of its own or in collaboration with State or National Federation and by the Government. The main purpose of all these agencies is to help the farmer in his farm production.

Before it is discussed how each agency should play a role firstly the requirements of farm guidance must be assessed. In general terms the farm guidance can be divided into following

Headings:-

- 1) Soil Testing - recommendation for proper dose and type of fertilizer;
- 2) Sources of supply of fertilizer;
- 3) Use of other agricultural inputs i.e. seeds, insecticides, pesticides, etc.
- 4) With regard to mechanisation of farming operations - use of agricultural implements, tractors, etc.
- 5) To convey the results of demonstration plots, use of different fertilizers and improved seeds;

- 6) To inform about the new practices in the subsidiary occupations of agriculture such as poultry, dairy, etc.

The above are the broad outlines, though cannot be said to be exhaustive list for farm guidance to be undertaken. The question arises, who should operate, coordinate with whom for the performance of this purpose. Taking into consideration the resources available with each agency the role can be well defined. The primary cooperative marketing society cannot undertake many activities of its own but it can be the best source of communication or transmission of research and results to the field.

The primary marketing societies can undertake on their own the assessment requirements of fertilizers, the sources of their supply and their price. These societies can effectively convey the market requirements after proper assessment in their own area. These societies can employ some agricultural extension officers, veterinary surgeons to help the farmers in finalising their production plans for undertaking sowings and also for the allied activities taken up by the farmers like dairying, poultry, piggery, etc. These extension officers should periodically visit farmers and provide technical help.

With regard to providing information or farm guidance in respect of other items as mentioned above, it is very necessary that the primary marketing societies should coordinate with the State or National Federation as the case may be. In the case of setting up of soil testing laboratories the primary marketing societies may not find it possible to undertake this activity. As such, the federation has to set up the laboratory but the primary society should ensure through agricultural extension officers, employed of the maximum use of Laboratory. Similarly, for the procurement of fertilizers and other inputs the Federation should play the final role and ensure proper and timely

supply according to requirements. The federation should layout demonstration plots in the areas of various marketing societies so that propagation about the use of various fertilizers is effectively done and witnessed by the farmers themselves. Similarly alongwith this it is very important that the federation should provide through primary marketing societies necessary information on the availability of custom service to be availed by the members for mechanised farming. The federation at their own level should also employ agricultural and veterinary specialists to supplement the farm guidance being conveyed by the specialists at the primary level, after collecting the necessary data in this respect from within the State and outside the State and compiling the data in the form of a leaflet for free distribution. The federation has to play a role where it may not get directly in touch with the farmers but it will have to feed on all aspects of farm guidance to the primary societies and at the same time also guide the primary societies whether the farm guidance being conveyed by them is in conformity with the latest research and modern techniques of farming. Thus the federation has the double role of supervision and guidance.

The agricultural universities or departments are making research on the modern techniques in various aspects but this activity is confined relatively to a smaller area. For the proper implementation at the farm level the results may not be encouraging to be adopted unless they are further experimented on a large scale. For instance, the Universities are giving guidance on the use of certain doze of fertilizers and seeds but this may not be applicable in all types of land. For this purpose soil testing is very necessary. As such, the cooperatives are setting up soil testing laboratories and also the government rather than duplicating in the same area it is always beneficial if the cooperatives and the government can demarcate the areas to operate.



The government extension officers should coordinate with the cooperatives on those very points which are being looked after by the cooperatives so that conflicting information is not passed on to the farmers. As such the role of cooperatives and government extension officers should be complimentary and supplementary.

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Proceedings of Group-IV

17th Oct. 1973

Discuss how the marketing societies should carryout farming guidance service, what relations they should have with the federations in this work and how these services should be coordinated with the agricultural extension work of the Government.

The following persons participated in the discussions:

- 1) Shri C.P.Shukla, Chairman
- 2) Shri K.C.Chaudhary, Secretary
- 3) Shri N.Srinivasalu
- 4) Shri S.J.Mukherjee

The marketing societies could carryout farm guidance services like credit and production planning, financial planning and marketing plan in the following three ways:

- 1) Through primary credit societies
- 2) Through primary cooperative marketing societies
- 3) Through apex federation directly and in collaboration with the marketing societies.

These will include firstly preparation of production and financial plan of each member farmer. At the moment this work is being done by primary agricultural credit societies in some or the other form for ascertaining the credit requirements of the members of <sup>primary</sup> agricultural credit societies. However, under the existing circumstances, so long as the village primary credit societies continue to exist, it would be worthwhile to make use of them as instruments of providing farm guidance service. To begin with the primary credit societies could be directed to supply a card to each member which should contain the columns such as (1) Name of the farmer (2) Acreage under cultivation (3) Areawise crops to be grown (4) Inputs required alongwith quantity and value (5) Estimated yield alongwith its quantity and value (6) Estimated gross income (7) Estimated marketable surplus and (8) Net Income. These cards may be prepared by the staff of the primary agricultural credit

societies with the help of credit staff of central cooperative banks and the agronomist of the marketing societies in consultation with the member and also on the basis of information available regarding the members acreage from the revenue records. Four copies of the above production and financial plan could be prepared, one to be retained by the member, the other kept by the primary credit society itself and the third and fourth for the use of the marketing society and the central cooperative bank.

The marketing societies could directly take up the following farm guidance service programme:

a) Field demonstration farms could be set-up showing uses and effects of improved variety of seeds, chemical fertilizers and better tillage operations. Experimental demonstration forms of multiple cropping could also be taken up in selected fields.

b) Setting up of soil testing laboratory with a view to giving advice on farm planning and uses of right type of fertilizers.

c) By supplying information relating to market prices obtained in respect of commodities handled by the marketing society during the previous year and the expected price the commodities likely to fetch during the ensuing season.

d) Dissemination of information regarding the introduction of new technology and improved agricultural practices as adopted by selected farmers amongst all the members could be done by publishing them or by showing them on the field itself. Field studies and investigations in respect of the successful farmers could also be carried out, published and distributed in the form of leaflets.

For introducing the above farm guidance services, the marketing societies will have to employ agronomists and other agricultural experts who may be taken either on loan from the agricultural department or from the open market. The cost of these experts will have to be borne by the marketing societies which could be shared by the primary societies also falling in the area of operation of

the marketing societies. To begin with, it is suggested that 50 per cent of the costs could be borne by the primary marketing society itself and the remaining half could be shared equally by all the primary agricultural credit societies. Similar pattern for meeting the cost could also be recommended in respect of other functionaries to be appointed for the purpose.

Relationship with the Federation:

The federations could actively assist the primary marketing societies in farm guidance service work by doing the work directly as also by having collaboration with them in the following manner:

- a) Agro-service centres having fleet of tractors, harvesting combines, aerial spray, services could be provided directly by the federations in areas to be indicated by the primary marketing societies;
- b) Dissemination of higher agricultural technology as also indications about marketing prospects for different commodities could be provided by the federations through the marketing societies.
- c) While the capital cost of soil testing laboratories may be borne by the federations, the recurring expenditure of the personnel to be employed in these laboratories may be borne by the marketing societies in partnership primary credit societies.

Coordination with the agricultural extension work:

As the marketing societies have a different area of operation covering a market, a number of development blocks may be falling in its area of operation. This would make the problem of coordination of farm guidance work rather difficult as there will be a number of agricultural extension workers depending on the number of blocks. In view of the above, it may be necessary to constitute a committee at the marketing society level in which agricultural extension officers in the area of marketing society could be made members

alongwith the President, Manager and Agronomist of the Marketing Society. One or two progressive farmer members could also be co-opted as members on the committee. The committee could meet periodically to exchange the field knowledge regarding improved agricultural practices and new techniques. Constitution of similar committees could also be considered by the federations at the district and state levels in close collaboration with the department of agriculture which is doing the specialised job of research and education in the field of agriculture.

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NCUI/ICA/SCC NATIONAL SEMINAR ON "AGRICULTURAL COOPERATIVE MARKETING IN INDIA"

OCTOBER 8-20, 1973

Programme for Monday, the 8th October, 1973

- 10.00 AM - 11.30 AM - Inaugural Function
- Welcome by Prof. D. Jha, Director, VMNICM.
- Remarks by L. Gunawardana, Jt. Director, ICA.
- Remarks by O. Hakelius, Sweden Cooperative Centre.
- Remarks by M. D. Joshi, Director, Ministry of Food and Agriculture, Department of Cooperation (GOI).
- Vote of thanks by A.S. Patel, Jt. Director, NCUI.
- 11.30 AM - 1.00 PM - Introduction by participants.
- 1.00 PM - 2.00 PM - Lunch break.
- 2.00 PM - 2.30 PM - Working methods of the Seminar.
- 2.30 PM - 5.00 PM - Presentation of Background Papers.

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VCUI/ICA/SCC NATIONAL SEMINAR ON "AGRICULTURAL COOPERATIVE MARKETING IN INDIA

OCTOBER 8-20, 1973

Tentative Programme

<u>Mon. 8th October 1973</u>	<u>Session</u>	
10.00 -12.00	1	Opening Session
2.00 - 5.00	2	Presentation of background papers.
<u>Tue. 9th October, 1973</u>		
	3	<u>Review of Agricultural Cooperative Marketing in India.</u>
9.30 -10.15	3.1 Lecture	<u>Review of Cooperative Marketing of Foodgrains in India.</u>
10.15 -11.00		Discussion
11.00 -11.30		Tea Break
11.30 -12.15	3.2 Lecture	<u>Review of Cooperative Marketing of Fruits and Vegetables in India.</u>
12.15 - 1.00		Discussion
1.00 - 3.00		Lunch break
3.00 - 3.30	3.3 Lecture	<u>Review of Cooperative Marketing of Dairy Products in India.</u>
3.30 - 4.00	3.4 Lecture	<u>Review of Cooperative Marketing of Poultry and Eggs in India.</u>
4.15 - 4.45		<u>Summing up:-</u> Review of Cooperative Marketing of Foodgrains, Fruits and Vegetables, Dairy Products and Poultry and Eggs.
4.45 - 5.30		Discussion.
<u>Wed. 10th October, 1973</u>		
9.30 -10.30	4 Lecture	<u>Principles of Cooperation as applied to Agricultural Marketing Cooperatives.</u>
10.30 -11.00		Discussion
11.00 -11.30		Tea break
11.30 -12.15	5	<u>Review of supply of Agricultural inputs in India.</u>
12.15 - 1.00		Discussion
1.00 - 3.00		Lunch break
3.00 - 5.00		<u>Group Discussion on "Review of Agricultural Cooperative Marketing in India."</u>

Contd..... p/2





Thu. 11th October, 1973

9.30 - 10.30	6	<u>Government's Role in the Marketing of Agricultural Produce and its Support to Marketing Cooperatives.</u>
	Lecture	
10.30 - 11.00		Discussion
11.00 - 11.30		Tea break
11.30 - 12.30	7	<u>Operations of Primary Marketing Cooperatives. (with special reference to Japan).</u>
	Lecture	
12.30 - 1.00		Discussion
1.00 - 3.00		Lunch break
3.00 - 5.00	8	<u>Group Discussion on "Government's Role in the Marketing of Agricultural Produce and its Support to Marketing Cooperatives".</u>

Fri. 12th October, 1973

9.30 - 10.30	9	<u>Coordination of Activities Between Primaries and Their Federations.</u>
	Lecture	
10.30 - 11.00		Discussion
11.00 - 11.30		Tea break
11.30 - 1.00	10	<u>Plenary on Group Discussion on "Review of Agricultural Cooperative Marketing in India".</u>
1.00 - 3.00		Lunch break
3.00 - 5.00	11	<u>Group Discussion on "Operations of Primary Marketing Cooperatives" and Coordination of Activities Between Primaries and Their Federations".</u>

Sat. 13th October, 1973

9.30 - 10.30	12	<u>Causes of High Costs of Marketing.</u>
	Lecture	
10.30 - 11.00		Discussion
11.00 - 11.30		Tea break
11.30 - 1.00	13	<u>Plenary on Group Discussion on "Government's Role in the Marketing of Agricultural Produce and its Support to Marketing Cooperatives".</u>
1.00 - 3.00		Lunch break
3.00 - 5.00	14	<u>Group Discussion on "Causes of High Costs of Marketing".</u>

Sun. 14th October, 1973

Free

Mon. 15th October, 1973

9.30 - 10.30	15	<u>Techniques of Marketing.</u>
	Lecture	
10.30 - 11.00		Discussion
11.00 - 11.30		Tea break
11.30 - 1.00	16	<u>Plenary on Group Discussion on "Operations of Primary Marketing Cooperatives" and "Coordination of Activities Between Primaries and Their Federations".</u>
1.00 - 3.00		Lunch break
3.00 - 5.00	17	<u>Group Discussion on "Techniques of Marketing".</u>



Tue, 16th October, 1973

9.30 - 10.30	18 Lecture	<u>Processing of Milk</u>
10.30 - 11.00		Discussion
11.00 - 11.30		Tea break
11.30 - 12.30	19 Lecture	<u>Processing of Fruits</u>
12.30 - 1.00		Discussion
1.00 - 3.00		Lunch break
3.00 - 5.00	20	Group Discussion on " <u>Need and Importance of Processing for Increasing Returns to Farmers</u> ".

Wed, 17th October, 1973

9.30 - 10.30	21 Lecture	<u>Role and Organisation of Farm Guidance Activities.</u> (with special reference to Japan).
10.30 - 11.00		Discussion
11.00 - 11.30		Tea break
11.30 - 1.00	22	Plenary on Group Discussion on " <u>Causes of High Costs of Marketing</u> ".
1.00 - 3.00		Lunch break
3.00 - 5.00	23	Group Discussion on " <u>Role and Organisation of Farm Guidance Activities</u> ".

Thu, 18th October, 1973

9.30 - 10.30	24 Lecture	<u>Financial Controls as a Tool of Effective Management.</u>
10.30 - 11.00		Discussion
11.00 - 11.30		Tea break
11.30 - 1.00	25	Plenary on Group Discussion on " <u>Techniques of Marketing</u> ".
1.00 - 3.00		Lunch break
3.00 - 5.00	26	Plenary on Group Discussion on " <u>Need and Importance of Processing for Increasing Returns to Farmers</u> " and <u>Role and Organisation of Farm Guidance Activities</u> ".

Fri, 19th October, 1973

Preparation of Report

Sat, 20th October, 1973

10.00	27	Evaluation Final Report Closing of the Seminar.
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**ICA/BCC/NCUI SEMINAR ON AGRICULTURAL COOPERATIVE  
MARKETING/SPONSORED BY GOVERNMENT OF INDIA)**

...

- (1) **Shri.S.S.Rakman,  
Manager-cum-Secretary,  
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P.O., R.V.C.  
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  - (2) **Shri.M.Sivagnanam,  
Asstt.Registrar,  
Cooperative Societies,  
Pondicherry.**
  - (3) **Shri.N.Palani,  
Joint Registrar,  
Cooperative Societies &  
Executive Officer.  
Tamil Nadu Cooperative Union,  
Madras.**
  - (4) **Shri.N.Sreenivasulu,  
Joint Registrar,  
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Hyderabad. A.P.**
  - (5) **Shri.M.Karunamidhi,  
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Government of India,  
New Delhi.**
  - (6) **Shri.B.N.P.Langwal,  
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Lucknow (UP).**
  - (7) **Shri.C.P.Shukla,  
Deputy Registrar,  
Cooperative Societies,  
Government of Uttar Pradesh,  
Lucknow (UP).**
  - (8) **Shri.A.S.Sodhi,  
Additional Managing Director,  
MARKFED,  
Chandigarh  
(Punjab).**
-



N.C.U.I. SPONSORED

- (1) Shri.Devendra Chandra Agarwal,  
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U.P. Cooperative Federation,  
Luoknow (UP).
- (2) Shri.V.S.Bhandari (Departmental)  
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- (3) Shri.P.B.Pare, (Departmental)  
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- TEACHERS -

- (4) Shri.P.K.M.Raja,  
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- (5) Shri.S.J.Mukherjee,  
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- (6) Dr.Gyneshwar Ojha,  
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- (7) Shri.Som Prakash, <sup>1</sup> (Departmental)  
Lecturer,  
Cooperative Training College,  
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- NON-OFFICIALS -

- (8) Shri.K.C.Chaudhary,  
Chairman,  
Mhowgaon Cooperative Societies, <sup>4</sup>  
Mhowgaon Dist.Indore (MP).
- (9) Shri.Jawaharmal Jalen,  
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Ganj Basoda (MP).
- (10) Shri.Raje Singh, M.L.A. <sup>2</sup>  
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- (11) Shri.G.Mylliemngap,  
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- (12) Shri.B.K.Mishra,  
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