

“Contemporary Emerging Issues, Challenges And Development Measures Of Cooperative Marketing In India”

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Abstract:

The basic aims of cooperative marketing are to arrange for the marketing of agricultural produce of the agricultural members at a reasonable and remunerative price, to distribute farm inputs to the agriculturists, to advance loans on the pledge of agricultural produce, to undertake processing of the agricultural commodities and to help in better recovery of loans through linking of credit with marketing. The total value of agricultural produce handled by marketing cooperatives has increased considerably over the years. However, the development of agricultural cooperative marketing has been very uneven among different States. The financial performance of marketing cooperatives is also far from satisfactory and a number of them are incurring losses. Moreover, the actual coverage of cooperatives in terms of either membership of cultivators in primary societies, or their share in the total marketed agricultural produce in the country, has remained too insignificant, except in a few isolated pockets, to make any dent in the overall marketing of agricultural produce in the country.

INTRODUCTION:

A marketing co-operative can be defined as a group of producers who are basically farmers having come together to sell their marketable surplus at the most remunerative prices for their own benefit. A well knit and efficiently organized co-operative marketing structure would certainly promote the economic standards of the rural masses, the producers and the rural communities as well. According to RBI “Co-operative Marketing is a co-operative Association of cultivators formed primarily for the purpose of helping the members to market their produce more profitably than is possible through private trade.” The marketing cooperatives help the farmer members in procuring, storing, processing and marketing their agricultural produce. In this way the producers who are protected from exploitation by the middlemen get fair price for the produce. The societies arrange for auction sale of agricultural produce of members in the regulated market or they make outright purchase from members and sell the produce to the consumers or they act as agents of the producer-members and effect sales on agency basis by collecting service charges from the members. The basic aims of cooperative marketing are to arrange for the marketing of agricultural produce of the agricultural members at a reasonable and remunerative price, to distribute farm inputs to the agriculturists, to advance loans on the pledge of agricultural produce, to undertake processing of the agricultural commodities and to help in better recovery of loans through linking of credit with marketing.

FUNCTIONS:

The main functions of co-operative marketing societies are:

- i. To market the produce of the members of the society at fair prices;
- ii. To safeguard the members from excessive marketing costs and malpractices;
- iii. To make credit facilities available to the members against the security of the produce brought for sale;
- iv. To make arrangements for the scientific storage of the members' produce;
- v. To provide the facilities of grading and market information which may help them to get a good price for their produce;
- vi. To introduce the system of pooling so as to acquire a better bargaining power than the individual members having a small quantity of produce for marketing purposes;
- vii. To act as an agent of the government for the procurement of food grains and for the implementation of the price support policy;
- viii. To arrange for the export of the produce of the members so that they may get better returns;

- ix. To make arrangements for the transport of the produce of the members from the villages to the market on collective basis and bring about a reduction in the cost of transportation; and
- x. To arrange for the supply of the inputs required by the framers, such as improved seeds, fertilizers, insecticides and pesticides.

TYPES OF CO-OPERATIVE MARKETING SOCIETIES:

On the basis of the commodities dealt in by them, the co-operative marketing societies may be grouped into the following types:

(i) Single Commodity Co-operative Marketing Societies:

They deal in the marketing of only one agricultural commodity. They get sufficient business from the farmers producing that single commodity. The examples are Sugarcane Co-operative Marketing Society and the Cotton Co-operative Marketing Society.

(ii) Multi-commodity Co-operative Marketing Societies:

They market a large number of commodities produces by the members, such as food grains, oilseeds and cotton.

(iii) Multi-purpose, Multi-commodity Co-operative Marketing Societies:

These societies market a large number of commodities and perform such other functions as providing credit to members, arranging for the supply of the inputs required by them, and meeting their requirements of essential domestic consumption goods.

STRUCTURE:

The co-operative marketing societies have both two-tier and three- tier structure. In the states of Assam, Bihar, Kerala, Madhya Pradesh, Karnataka, Orissa, Rajasthan and West Bengal, there is a two-tier pattern with primary marketing societies at the taluka level and state marketing federation as apex body at the state level. In other states, there is three-tier system with district marketing society in the middle. At the national level, NAFED serves as the apex institution. The pattern of the three-tier structure has been discussed in the paragraphs that follow:

(i) Base Level

At the base level, there are primary co-operative marketing societies. These societies market the produce of the farmer members in that area. They may be single commodity or multicommodity societies, depending upon the production of the crops in the area. They are located in the primary wholesale market, and their field of operations extends to the area from which the produce comes for sale, which may cover one or two tehsils, panchayat samities or development blocks.

(ii) Central/District Level

At the district level, there are central co-operative marketing unions or federations. Their main job is to market the produce brought for sale by the primary co-operative marketing societies of the area. These are located in the secondary wholesale markets and generally offer a better price for the produce. The primary co-operative marketing societies are members of these unions in addition to the individual fanner members. In the two-tier structure, the State societies perform the functions of district level societies by opening branches throughout the district.

(iii) State Level

At the State level, there are apex (State) co-operative marketing societies. These State level institutions serve the State as a whole. Their members are both the primary co-operative marketing societies and the central cooperative unions of the State. The basic function of these is to co-ordinate the activities of the affiliated societies and conduct such activities as inter-State trade, export-import, procurement, distribution of inputs and essential consumer goods, dissemination of market information and rendering expert advice on the marketing of agricultural produce. Agricultural marketing on a co-operative basis can prove to be the best method from the point of view of agricultural production.

The following advantages can be derived from the co-operative marketing system:

- a) Marketing co-operatives can generate the necessary holding power with the farmers by providing easy and cheap credit to them. This will help check distress sales.
- b) Co-operatives can protect the farmers from exploitation at the hands of traders by offering collective bargaining.
- c) Co-operatives can help reduce the price-spread.
- d) Co-operative, as an organized unit, can strike better bargaining and secure better terms from organized traders.
- e) Co-operative marketing may have a healthy impact on market trends and will help in the stabilization of prices.

In brief, co-operative marketing may link, integrate and streamline production, marketing and the processing functions. In a large perspective co-operative marketing is the only way to secure better terms both for the producers and consumers of agricultural products.

Progress of Cooperative Marketing in India:

Two types of cooperative marketing structures are found in India. Under the first type, there is a two-tier system with primary societies at the base and the State society at the apex. Under the second type, there is a three-tier system with primary societies at the village level, Central marketing societies at the district level, and the State marketing society at the apex. The task of

developing cooperative marketing was initiated in the Second Five Year Plan on the recommendations of the All-India Rural Credit Survey Report and was extended further in the Third Plan. As a result, cooperative marketing structure was built up at various levels. At present, the cooperative marketing structure comprises 2,633 general purpose primary cooperative marketing societies at the mandi level, covering all the important mandies in the country. 3,290 specialised primary marketing societies for oilseeds etc., 172 district/ Central Federations and the National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) at the national level. NAFED is the apex cooperative marketing organisation dealing in procurement, distribution, export and import of selected agricultural commodities. NAFED is a central nodal agency of the government for undertaking price support operations for non-perishable commodities such as pulses, oilseeds, and for Market Intervention in perishable horticultural items like potato, onion, grapes, kinno, oranges, etts, asicks, chillies, black pepper etc. The total value of agricultural produce handled by marketing cooperatives has increased considerably over the years. However, the development of agricultural cooperative marketing has been very uneven among different States. The financial performance of marketing cooperatives is also far from satisfactory and a number of them are incurring losses. Moreover, the actual coverage of cooperatives in terms of either membership of cultivators in primary societies. or their share in the total marketed agricultural produce in the country. has remained too insignificant, except in a few isolated pockets. to make any dent in the overall marketing of agricultural produce in the country.

REASONS OF SLOW PROGRESS OF CO-OPERATIVE MARKETING SOCIETIES:

The main reasons of this slow progress are:

- (i) Co-operative marketing societies are generally located in big markets/towns and quick and cheap transport facilities are not available for the carriage of the produce from the villages to the societies;
- (ii) Farmers are indebted to local traders and enter into advance con-tracts with them for the sale of the crop;
- (iii) Farmers are in immediate need of cash after the harvest to meet their personal obligations. They, therefore, sell their produce to local traders; they cannot wait for the time required to move the produce to the mandi;
- (iv) There is lack of loyalty among members to co-operative marketing societies because of their poor education and absence of the co-operative feeling;
- (v) In some cases rivalries among farmer-members result in in-decision, which hampers the progress of the societies;
- (vi) Members lack confidence in co-operative organizations, for most of the co-operative sector enterprises run at a loss;
- (vii) The societies do not act as banks for the farmers;
- (viii) Managers of societies do not offer business advice to members;
- (ix) Societies do not provide facilities of food and shelter to farmers when they visit the market for the sale of the produce;
- (x) The managers of the societies are often linked with local traders and become impersonal to the needs of a majority of small and marginal farmers;
- (xi) There is lack of sufficient funds with the societies to meet the credit needs of the fanners against pledging of the produce brought for sale. Nor do they make an advance payment of the value of the produce purchased or sold through them.
- (xii) Co-operative marketing societies (CMS) are not capable of carrying on their business in competition with traders and commission agents, because of the absence of adequate business expertise among their employees; and
- (xiii) There is a lack of sufficient storage facilities with the societies. They, therefore, try to dispose of the produce soon after their arrival; a fact which results in lower prices for the farmers.

Considering the emerging issues and challenges, government support is necessary for the development of marketing of agricultural produce. The government should help in devising rural infrastructure plans, and undertake proper supervision for effective plan implementation. The core areas like transport, communication, roads, credit institutions, crop insurance etc. have to be taken care of. The government has to take the lead in the establishment of modern Infrastructure facilities like cold storages, warehouses, grading and standardization infrastructure, processing units, machinery required for making value addition etc., through National Cooperative Development Corporation (NCDC). The Government should extend financial support for setting up and modernization of the agro-processing units.

Marketing Efficiency:

Marketing cooperative must adjust to Increased competition to prosper; otherwise, the societies will stagnate or die. To be competitive cooperatives must be efficient both price-efficient and technical efficient. Technical efficiency deals with all aspects of raising productivity in all marketing functions such as storage, transportation and processing and thus determines marketing costs. Further, the marketing cooperatives have to :

- Upgrade technology;
- Increase investments in agri-business;
- Marketing through joint ventures (for example procurement through Self Help Groups by AP MARKFED). build network and other suitable alternatives;
- Improve support services;
- Market research;
- Extension services;
- Market information and market intelligence;
- Grading and standardisation; and
- Training the human capital.

Integrated Approach:

Almost all the marketing societies in India are lacking in integrated production orientation. The societies have to educate the members carefully. To be successful, various opportunities, especially production-oriented ones, have to be exploited in an integrated manner and not in isolation. The societies have to align its activities and operations with the members' needs and requirements at grass-root level. Following set of integrated activities is helpful to augment member-farmers' income which reflect on the performance of the society:

- Production enhancement activities (quality seeds, fertilisers. pesticides, set of good farming practices, etc.);
- Cost saving activities (bundle volume purchases of inputs, minimization of costs, especially in distribution of inputs and services);
- Loss prevention activities (better packaging, storage, transport and marketing; and
- Value-adding conversion activities (interventions of processing units, linkages/ tie-ups with other industrial units.

SUGGESTIONS FOR STRENGTHENING OF COOPERATIVE MARKETING SOCIETIES:

- i. The area of the operations of the societies should be large enough so that they may have sufficient business and become viable. Most of the societies at present are not viable because of the small volume of their business.
- ii. Co-operative marketing societies should develop sufficient storage facilities in the mandi as well as in the villages.
- iii. The societies should give adequate representation to the small and marginal farmers in their organizational set-up.
- iv. The co-operative feeling among members should be inculcated by proper education by organizing seminars and by the distribution of literature.
- v. In the selection of the officials of co-operative marketing societies, weightage should be given to business experience and qualifications. After their selection, the officials should be given proper training so that they may deal efficiently with the business of the society. The efficiency should be rewarded, wherever possible.
- vi. There is a need for bringing about a proper co-ordination between credit and marketing co-operative societies to facilitate the recovery of loans advanced by credit societies, and make available sufficient finance for marketing societies.
- vii. The societies should acquire the transport facility to bring the produce of the members from the villages to the mandi in time and at a lower cost.
- viii. Co-operative marketing societies should diversify their activities. They should sell the produce and inputs, and engage in the construction of storage facilities.
- ix. Marketing societies, like the private traders, should provide accommodation and the drinking water facility for their members when the latter come to the mandi.
- x. The public procurement and public distribution programmes should be implemented through co-operative marketing societies to increase their business turnover.

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