4.1 Objectives of the Study

The chapter on review of literature discussed the various research studies with a view to observing the proportion of different marketing costs to the mill price, the share of the farmer in the mill price and also returns to traders. Some of the studies distinctly pointed out that the margins collected by the traders were 'excessive' and the share of the farmer in the mill price was low. Two State agencies, viz., Maharashtra State Cooperative Cotton Growers' Marketing Federation and the Cotton Corporation of India were thus set up, as it was thought that by their purchase operations in the primary markets, they could reduce these margins and ensure a better return to the primary producer. Chapter III has discussed in detail the aims and objectives of both the CCI and the MSCMF. In this thesis therefore an attempt has been made to analyse the extent to which the State agencies have achieved their goals. More specifically, the objectives of the study are:

(1) To observe the efficiency of the Maharashtra Federation and the Cotton Corporation in terms of their marketing costs and the
farmer's share in their gross receipts. This has been observed for every year since their inception in the early 1970s till 1986-87. Their marketing costs have then been compared with that incurred by private traders as well as cooperatives to observe if they have been able to reduce costs and margins to the minimum and thus raise the farmer's share in the mill price.

(2) To study if these agencies have helped to reduce both intra-seasonal as well as inter-seasonal fluctuations in prices.

(3) To compare the prices prevailing in Maharashtra, with those prevailing in the adjoining markets of the neighbouring States, and thus observe if the scheme of Monopoly Procurement by virtue of its mode of payment has been able to give better prices to farmers as compared to their counterparts in other States.

(4) To study the extent to which recovery of cooperative dues have been effected through the Monopoly Procurement Scheme.

(5) To suggest the policy implications of the study.

4.2 Collection of Data

The data used in this study, have been collected chiefly from the concerned primary marketing organizations, namely, the Maharashtra State Cooperative Cotton Growers' Marketing Federation and the Cotton Corporation of India. The
data on the Monopoly Procurement Scheme with respect to its marketing costs, purchase and sale price were obtained from its head office in Bombay. Similar data for the Cotton Corporation was also collected from its head office in Bombay.

The prices of kapas prevailing in the adjoining regulated markets of the neighbouring States of Maharashtra for the years 1972-73 to 1985-86 were obtained from the Directorate of Cotton Development, Bombay; Office of the Deputy Director of Marketing, Bombay; and the Cotton Marketing Intelligence Unit, Bombay. These offices receive by telegram, the week-end prices, prevailing in various regulated markets during the marketing season. The prices were therefore collected from their records.

The information on recovery of cooperative dues, effected under the Monopoly Procurement Scheme was obtained from the Office of the Maharashtra Federation. The figures on 'Demand' as well as 'Collection' of the various District Central Cooperative Banks were collected from various issues of the "Statistical Statements Relating to the Cooperative Movement in India" published by NABARD. The information relating to the last five years was obtained from the NABARD Regional Office, Pune, as these have not yet been published.

Certain data such as Index Numbers of Wholesale Prices of Raw Cotton, Cotton Seed Prices, etc., have been obtained from published sources such as the Reserve Bank of India Bulletins and the Forwards Market Bulletin.
4.3 Analytical Procedure

(i) Marketing of Cotton: A simple logical tabular analysis is attempted to observe the marketing costs of the Maharashtra Federation as well as that of the Cotton Corporation of India. The gross receipts of these agencies, their marketing costs and price paid to farmers for each year of their operation was noted. The marketing costs and share of the farmer in the mill/export price was calculated. These percentages were then compared to those prevailing in case of marketing by private trade as well as by Cooperative Marketing societies which are popular in Gujarat.

(ii) Seasonal Fluctuations in Prices: The intra-seasonal fluctuations in prices are observed by calculating the coefficient of variation of the prices prevailing during the season, in selected regulated markets, for certain years when the Cotton Corporation was a purchaser in these markets and for certain earlier years when it was not operating in these markets. A high coefficient of variation for a particular series is an indicator of less stability while a low coefficient of variation shows greater stability of prices. The inter-seasonal fluctuations in prices were also observed by computing the coefficient of variation.

(iii) Price Comparison Across Markets: The prices in Maharashtra (which are fixed for the whole season) are compared with the weekly weighted average price in the season in other markets, the weekly arrival figures being used as weights. In
certain years, the arrival figures were not available, and hence the simple average price of the season was calculated. Further, the fluctuations in the weekly prices of kapas, in various markets was shown graphically. The Maharashtra price, which shows no fluctuations during the entire season, was thus easily compared with these prices. This was done varietywise, for the years 1973-74 to 1985-86.

(iv) Recovery of Cooperative Dues: The most ideal method of observing the extent to which cooperative dues have been recovered under the Monopoly Procurement Scheme, would be to calculate, districtwise, the percentage of recoveries to loans granted to cotton farmers. The data on loans granted to cotton farmers, could, however, not be obtained. Hence, we have calculated the actual recoveries as a percentage of the total demand for recovery of cooperative loans, in the major cotton growing zones and also actual recoveries through the Monopoly Procurement Scheme in these zones as a percentage of total recoveries. These would enable us to observe the extent to which the scheme has contributed to the recovery of loans from the cooperative society. Further, we also compared the percentage of recovery to demand in the major cotton growing zones with that in the non-cotton districts (also non-sugarcane growing districts) to see if the major cotton growing zones have shown better recovery performance as a result of the implementation of the Monopoly Marketing Scheme.