CHAPTER - II
THE DESIGN AND EXECUTION OF THE STUDY

INTRODUCTION

"Marketing is the crux of the whole food and agricultural problem. It would be useless to increase the output of food, it would be equally futile to set up optimum standards of nutrition, unless means could be found to move food from the producer to the consumer at a price which represents a fair remuneration to the producer and is within the consumer's ability to pay."

- Marketing committee of the U.N.O.

In India agriculture is a traditional mass industry which of late has shifted from subsistence level to surplus production stage thanks to green revolution and other agricultural developmental ventures such as increased use of better inputs like irrigation, hybrid seeds, chemical fertilizers, skilled labour, cost efficient equipments, etc. All these efforts have facilitated to boost up production from 50 million tones in 1950 to about 300 million tones in 1998. Increased production warrants improved marketing.

Marketing is today the most dominant and prolific field to make big economic fortunes and for enhancement of production and productivity. The significance of efficient and effective marketing in agriculture is highlighted by
the saying, "a good farmer should have one eye on the plough (i.e., production) and the other on the balance (i.e., marketing)."

Marketing, therefore, occupies and forms an integral part of the successful production process. In agriculture, marketing functions in the real sense include activities starting from the pre-production stage and ending up at the stage of consumption. It involves various process of functions and services, viz., assembling, storing, grading, transportation, processing, wholesaling, retailing, market finance, risk bearing etc., The varied nature of these operations require proper handling. Many crops and many functions in agricultural business have posed many problems to so many farmers. An efficient marketing system is a pre requisite for stable and remunerative prices to producers.

Presently many agencies viz., Private Traders, Commission Agents, Brokers, Dealers, Manufacturing Agencies, Processors, Commodity Corporations, Commodity Boards, Public Sector Bodies, Multinationals, Regulated Markets, Cooperatives etc., are involved in the marketing of various farm products. But what is all the more essential is an appropriate institutional system of agricultural marketing for inputs and outputs. It is very essential for healthy functioning of the country in a competitive market setting. Such a market system should be helpful for social, cultural and economic development on democratic lines. It should also help to maximize the rate of growth of the
farm sector. It should offer attractive and profitable opportunities to primary producers. It should promote an optimal trading scenario. In all these contexts, the cooperative marketing societies assume importance.

According to the Reserve Bank of India, "A marketing society is a cooperative association of cultivators formed primarily for the purpose of helping the members to market their produce more profitably than is possible thro' private traders". Marketing of agricultural produce on a collective or cooperative basis is reported to be more effective than individual marketing. The modern form of cooperation was introduced in India by the Government in order to alleviate poor people from the evils of moneylenders, commission agents and traders and their malpractices. Since 1913, when the first cooperative marketing society was started (i.e., in Kumbakonam in Tamil Nadu State) regular efforts were made to strengthen cooperative marketing societies and to broad base their input and output marketing operations at the gross - root level. The findings of various studies on cooperative marketing societies had focused attention mainly on the working of marketing societies, pattern of marketing problems and performance analysis. But the studies on the scientific assessment of the impact of marketing cooperatives on agriculturist are lacking. An empirical evidence based exercise in this line will not only fill up the gap, but also provide the real picture of the impact of eight-decade-old cooperative marketing movement. Such a study is expected to offer
suggestions from the angle of members to solve the problems and for the better future development. Hence this study.

**ISSUES ON FOCUS**

At present marketing cooperatives represent a four-tiered federal structure. There are about 8049 primary marketing societies, of which 2681 are general-purpose societies and remaining are special commodity marketing societies. Besides, there are 29 State Federations, 22 State Level Commodity Marketing Federations and 157 District Level Societies. There are also LAMPS*, which are functioning in the areas, which have a concentration of tribal population. At the national level, in addition to NAFED**, Tribal Cooperative Marketing Development Federation of India Ltd. (TRIFED) was also working to support Tribal Cooperative Societies.

In the Tamil Nadu State these societies are known as Primary Agricultural Co-operative Producers' Cooperative Marketing Societies. Their number is now about 114. They are affiliated to TANFED***. The primary cooperative marketing societies are mostly involved in the marketing of the popular crops grown in their area. Their business include outright purchases, agency purchases, processing activities like ginning of cotton and extension of other marketing services in their area. They provide pledge finance and supply

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* Large Sized Multipurpose Cooperative Society.
** National Agricultural Cooperative Marketing Federation Ltd.
*** Tamil Nadu State Cooperative Marketing Federation.
inputs. They also distribute essential consumer goods under public distribution system (PDS). Some of the societies provide jewel loans also.

To a farmer who is conscious of his socio, economic and democratic interests, the receipt of the above services is a matter of great importance. It is in fact as important as increasing the production in his farm. But it is often reported that farmers suffer from several drawbacks, which force them to pay higher price for the input they buy and get the lower prices for the output they sell. The terms of trade is reported to be unfavourable to the growers. Again the disadvantages, such as, bottle-necks in input receipts, grading, processing, storage, transportation, thin marketing surpluses, differences in quality, inadequate market intelligence, multiplication of market - changes, lack of holding power, inadequate market finance, sustainability to the exploitation of private middlemen elements, low price per unit of sales, more price – spread etc., play constraints on the efficient agricultural marketing system. All this implies an effective role of cooperative marketing societies for the impacts. In this context several pertinent questions arise-

➢ What is the nature and extent of services of cooperative marketing societies?

➢ What is the actual profile of beneficiaries?

➢ Are the people utilizing the services?

➢ If so, are they satisfied?
➢ What is the actual impact and positive effects of marketing societies on members?

➢ Is there any relationship between demographic, socio and economic profiles and impacts of cooperative marketing societies?

➢ What is the perception of people on cooperative marketing?

These and allied questions need an in-depth empirical study. This warrants collection of primary data from a cross section of farmer members. Many of the previous studies focused attention mainly on the aspects like working, problems, progress etc., They have mostly used secondary data. They projected the issues from the angle of institutions. But what is needed is an empirical study at gross-root level to assess the impact aspects scientifically by using the primary data. The finding of such an objective study is expected to spell out the implications and to offer suggestions for improving the conditions of both the cooperative marketing societies and their members. Hence this study entitled “Impact of Agricultural Producers’ Cooperative Marketing of Societies in Western Ghat – Zone of Tamil Nadu State”.
OBJECTIVES OF THE STUDY

The following were the main objectives of the empirical study

i. To probe the socio-economic profiles of the Respondents and the services obtained by them from the cooperative marketing societies;

ii. To examine the macro and micro level scenario in the working of cooperative marketing societies;

iii. To analyse the social, economic, democratic, cooperative and empowerment impacts of cooperative marketing societies on farmers;

iv. To examine the relationship between the selected independent variables and the above five-fold impacts; and

v. To spell out the implications for positive impacts by the cooperative marketing societies.

HYPOTHESES

The following hypotheses were formulated for the present study -

- Exposure to mass media, occupation, membership, services from CMS and nearness to the society had influenced the social impact on farmers.
Education, assets, membership in CMS, duration of membership, distance to CMS and proportion of sales thro’ CMS had influenced economic impact.

Education, total production, price, duration of membership will make cooperative impact.

Frequent contact with officials and other agencies would bring forth democratic impact to the members.

Age, education, social participation, exposure to mass media, occupation, membership, duration of membership, cooperative awareness and services had contributed for empowerment impact.

Multiple-Regression Analysis was adopted to test the above hypotheses.

**METHODOLOGY**

A two-fold approach, viz., Field Survey and Personal Interview Technique were adopted for this study.

**SAMPLING PROCEDURE**

Geographically the Tamil Nadu state is divided into three major zones, viz., Western ghat-zone, Central upland zone and Coastal hinterland zone covering a total of 26 districts. Of these, Western ghat-zone was selected as the study area.
A Multi-Stage Sampling Model was used to select the Respondents as detailed hereunder:

Stage I: Selection of the district: Two districts with the existence of early originated marketing societies were considered. Accordingly Coimbatore and Nilgiris districts in the Western ghat-zone were selected.

Stage II: Selection of CMS in each district: The criteria followed were a) earlier origin and b) performance. Accordingly, the societies selected were:

i) Avinashi Agricultural Producers’ Cooperative Marketing Society Ltd., Avinashi, Coimbatore district.

ii) Nilgiris Cooperative Marketing Society Ltd., Udagamandalam, (Ooty), Nilgiris district.

Stage III: Selection of revenue villages in the area of each of the marketing society:

Distance as well as membership coverage were the criteria for such selection. One village nearest to the society and another farthest from the society were considered. Accordingly, the following four revenue villages were selected.
i) Avinashi CMS: 1. Nambiampalayam
   2. Karuvalur

ii) Nilgiris CMS: 1. Nanjanadu
   2. Nunthala

Stage IV: Selection of Respondents: Lists of primary members of the societies were prepared. A quota of 400 (i.e., 200 for each area of the CMS, representing 100 for each revenue village) were selected on a simple random basis.

DATA BASE

Primary data were gathered from the farmer Respondents thro’ a Structured Interview Schedule. Farmers might have multiple membership Ex: Membership in PACBs, Milk societies etc., besides membership in marketing cooperatives. But this study is mainly intended to assess the impact of CMS on farmers. As such questions in the farmers’ schedule were framed to elicit their reactions and responses mainly confined to their mindsets on the services of CMS.

Institutional information were collected thro’ a questionnaire. The secondary data gathered from the publications of NABARD*, NAFED** and Tamil Nadu cooperative Union were used to find out the macro level scenario of cooperative marketing societies at All India and Tamil Nadu State Levels.

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* National Bank For Agriculture and Rural Development.
** National Cooperative Marketing Federation Ltd.
FRAMEWORK OF ANALYSIS

Apart from the discussion of the issues and tabular analysis, Statistical Methods were used. To find out the temporal trends in each aspect of the working of the selected cooperative marketing societies over the years, the method of Least Square (i.e., Linear Trend Analysis) was made. For this, indices were computed basing 1989-90 as 100. This analysis has enabled to find out close functional relationships between two variables where one variable is the time factor. It has provided a convenient method to get a straight line or linear trend equation. The formula used was

\[ Y = a + bx \]

Spearman’s Rank Order Correlation was also adopted to find out the relationship between various KRA* aspects of CMS in the states.

The cause and effect relationship between the dependent variables and independent variables was studied by using Multivariate Regression Analysis. The following logical approach (model) for each of the impact aspects were made to measure the influence of independent variables.

\[ ^* \text{Key Result Areas.} \]
Specific statements and models are presented prior to the regression analysis of each of the variables.

The graphical and diagrammatic representations of data were also made in the relevant chapters.

Qualitative data as well as the perceptive responses of the Respondents to the statements (i.e., 6 point scale responses viz., strongly agree, agree, neither agree nor disagree, disagree, strongly disagree and 'do not know' responses of 5,4,3,2,1 and 0 weightage scales respectively) were used for assessing the levels/degrees of impacts as high, medium and low.

INTERVIEWS

Personal Interview Technique was adopted to get the needy information from the sample Respondents. They were personally met either at their residences or at farms or at the premises of the selected societies.

AREA COVERED

The command area of the selected CMS in the selected districts of Tamil Nadu State is the representative study area covered for this impact assessment study.

PERIOD COVERED

One agricultural year (i.e., July 1998 to June 1999) was covered with reference to production, disposal and members' utilization pattern of
cooperative marketing societies. Impact aspects as on the data of study (August, September - 2000) were examined. 5 years data i.e., 1990-91 to 1994-95 were analysed to assess the working of CMS in India. Data on various working aspects of the selected cooperative marketing societies cover a decadal period (i.e., 1989-90 to 1997-98).

**CONCEPTS OF VARIOUS IMPACTS**

**Economic Impact**

It implies the positive effects on

- Input receipts.
- Production.
- Productivity.
- Marketing.
- Marketing services.
- Price received.
- Increase in income.
- Assets.
- Occupational improvement.
- Increase in investment.
Social Impact

The indicators are

 Active social participation.
 Active cooperative participation.
 Equality of opportunity.
 Provision of social justice.
 Helps to weaker sections.

Democratic Impact

The indicators are

 Active participation in general body meeting.
 Equality in rights (e.g. One man one vote).
 Genuine election.
 Scope for an open and free discussion.

Cooperative Impact

The indicators are

➢ Cooperative awareness.
➢ Help from other members.
Promotion of self-help.
Participation in cooperatives.
Understanding the functions of cooperatives.
Perception on the benefits of cooperatives.
Satisfaction.

**Empowerment Impact**

The indicators are

❖ Opportunity to control.
❖ Power for decision making.
❖ Promotion of human dignity.
❖ Equitable economic relationship in cooperative society.
❖ Improved status in the society.
❖ Recognition of contribution for improvement.
❖ Recognition of human values.
❖ Averting exploitation at all levels.
❖ Development of mutual help.
❖ Emancipation of weaker section.
❖ Gender equality.
Providing of required knowledge.

**Ordering of Variables**

The independent variables are classified as follows

**Demographic Variables** : Age
   
   Family size
   
   Education

**Social Variables** : Community
   
   Social Participation
   
   Exposure to mass media
   
   Contact with change agents

**Economic Variables** : Occupation
   
   Total income
   
   Total value of assets
   
   Borrowings
   
   Land holdings
   
   Total production
   
   Total agricultural expenses
   
   Total marketable surplus
   
   Price received from CMS
**Cooperative Variables**

- Membership
- Duration of membership
- Cooperative awareness
- Distance to the society
- Satisfaction index
- Services / helps rendered
- Input receipts
- Proportion of sales thro’ CMS
- Other services rendered.

**TERMINOLOGICAL CONNOTATIONS**

Terminologies used in this report are given below in the alphabetic order:

- **Agricultural year** : July to June
- **Assembling market** : It refers to volume of product arrivals to Mundi / Taluk market / sub-market level centres
- **Attitude on CMS** : It refers to members’ constant reaction to cooperation, cooperative marketing society, its functions, etc.
<p>| Change Agents | : Institutions and individuals for making improvements |
| Commission agency sales | : Marketing on the stipulated commission basis. |
| Exposure to Mass Media | : It refers to frequency of exposure to reading materials, audio-visual aids, attending fairs / exhibitions, meetings, member education programmes, etc. |
| Impact | : It indicates the positive effect, changes, improvements at the levels of individuals, groups, community, sector (agricultural and allied), systems (i.e., agricultural production and marketing systems and cooperative |</p>
<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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<tbody>
<tr>
<td>Marketing costs</td>
<td>It depends on the marketing functions/services performed. Ex: merchandising charges (gunny bags, packing materials, weighment charges etc., + transportation + commission + storage and insurance + grading + interest on pledge finance + other incidental expenses).</td>
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<tr>
<td>Marketing channel</td>
<td>It refers to the path or chain of market functionaries thro’ which the agricultural products passed from the producer to the ultimate customer.</td>
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<td>Marketable surplus</td>
<td>The surplus available for sale after retaining for the requirements for seeds, kind-wages and domestic consumption.</td>
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<td>Marketed surplus</td>
<td>The portion of marketable surplus which is actually marketed by the producers.</td>
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<tr>
<td>Open market</td>
<td>It refers to a place other than cooperative marketing society and regulated market where exchange of agricultural produce is</td>
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taken place. It may be weekly sandy, mundi etc.

**Output marketing**

: The marketing of the agricultural produces of the farmers.

**Outright purchase**

: Marketing cooperatives to make direct purchases of the members' produce for their benefit.

**Perception on CMS**

: It is the degree of Knowledge of an individual about the objective, constitution, functioning and values of cooperative marketing society.

**Pledge finance**

: The advance provided against the pledge of produce of farmers to help them to meet the incidental expenses.

**Price spread**

: It is the difference between the price paid by the ultimate consumer and the price received by the producer.

**Primary member**

: 'A' class members who do business with the society (purchase, sales, deposits, borrow, etc.).
Satisfaction on CMS: It is a psychological process. In this context it will denote the level of individual's attitude towards the services rendered by the cooperative marketing society.

Small farmer: One who possesses upto 3 standard acres of land.

Utilisation of CMS: In this study context, 'utilization' will be used to denote 'making use' of cooperative marketing societies by farmers for buying inputs and for the disposal of outputs, borrowings, depositing of money, availing of other marketing services etc.

Variables: Demographic, social, economic and cooperative aspects, factors and profiles.
**CHAPTER SCHEME**

The report of this study is presented in the following seven chapters.

Chapter I : Review of Literature

Chapter II : The design and execution of the study

Chapter III : A big picture perspective (macro – level scenario)

Part A : Agricultural cooperative marketing societies in India.

Part B : Agricultural cooperative marketing societies in Tamil Nadu state.

Chapter IV : Profile of the selected units. (micro-level scenario)

Chapter V : Profile of the Respondents

Chapter VI : Varied Impacts and Factors influencing such impacts of CMS

Part A : Impact of CMS.

Part B : Factors influencing the impacts of CMS.

Chapter VII : A summary of findings and implications

**BIBLIOGRAPHY**

**APPENDIX**

a) Members' Interview Schedule

b) Questionnaire for CMS

c) Profile Tables of the Respondents

d) Linear Trends