CHAPTER VII

FINDINGS AND IMPLICATIONS

INTRODUCTION

In India, a plethora of agencies, viz., private traders, commission agents, regulated markets, commodity boards, commodity corporations, cooperatives, etc., are involved in the disposal of farm products. But what is all the more essential is an appropriate institutional system for input and output marketing. Such a system should facilitate healthy marketing in the competitive market economy and should be helpful for socio-economic development on democratic lines. It should also help to maximize the rate of growth of the farm sector. It should promote an optimal trading scenario. In all these contexts, the cooperative marketing societies assume immense importance.

The cooperative marketing societies (CMS) were introduced in India in 1913 to liberate the peasants from the clutches of middlemen elements and their exploitation. Due to the governmental efforts and launching of several schemes, the CMS have made remarkable forward strides over the years. Many research studies made on CMS had focused attention mainly on their progress, performance and problems. But empirical evidence based exercises on the impact aspects are lacking. This study fills up this gap.
THE STUDY SCOPE AND METHODOLOGY

To a farmer who is conscious of his socio-economic and democratic interests, the receipt of the varied services is a matter of great importance. But it is often reported that farmers suffer from several drawbacks which force them to pay higher prices 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. Many disadvantages like bottle-necks in storing, transportation, inadequate market intelligence, exploitation of middlemen etc., play constraints on the efficient agricultural marketing system. All these implies an effective role of cooperative marketing societies for the impacts. In this context several pertinent question arise -

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

- What is the actual profile of the beneficiaries?

- Are the farmers utilising the services?

- If so, are they satisfied?

- What factors had influenced the use of marketing cooperatives?

- What is the actual impact and positive effects of marketing societies on farmers?
- Is there any relationship between demographic, social economic and cooperative profiles and impact of cooperative marketing societies?

These and allied questions need an in-depth empirical study. This warrants collection of primary data from a cross section of farmers. Such a study at micro level is needed to assess the impact aspects scientifically.

The specific objectives of the study were:

(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 their members 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 better impacts by the cooperative marketing societies.
Field Survey Method and Personal Interview Technique were adopted. 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 districts: 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 was a) earlier origin and b) performance. Accordingly the societies selected in the Western zone 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 four revenue villages were selected.

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.

Primary data were gathered from the farmer Respondents thro’ a Structured Interview Schedule and institutional information were gathered thro’ a questionnaire. The secondary data were gathered from the publications of NABARD, NAFED and Tamil Nadu Cooperative Union and used to find out the macro level scenario of cooperative marketing societies at All India and Tamil Nadu State levels.

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 enables 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

\[ Y = a + b x \]

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.

![Diagram of analysis process]

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

Qualitative data as well as the perceptive responses of the Respondents to the given 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 impacts.
One agricultural year (i.e., July 1998 to June 1999) was covered with reference to production, disposal and members' utilisation pattern of cooperative marketing societies. Impact aspects as on the date of the study (Aug, sep -2000) were examined. Data on various working aspects of the selected cooperative marketing societies cover a decadal period (i.e., 1989-90 to 1997-98)

**MAIN FINDINGS**

A summary of the main findings are recapitulated in this last chapter. Based on them a few implications for the creation of better impact by CMS are also spelt out.

**MACRO SCENARIO: CMS at All India level**

At present, the four – tier cooperative marketing structure in India is consisting of 8049 primary CMS (of which 2682 are of general purpose and the rest are special commodity marketing societies), 157 district level societies, 29 State Level Federations and a National Level Marketing Federation (NAFED). The average business turnover of CMS in each state was Rs. 288 crores per year. Fertilizers formed the major input supplied by the CMS; more than 95 percent of the input marketing was connected with fertilizers. Only a poor performance was recorded in the supply of pesticides, seeds and implements.
The macro-level analysis has shown that there was no uniformity in the various growth aspects of cooperative marketing societies across the Indian states. Spatial and temporal trends have shown that a few states, viz., Maharashtra, Gujarat, Punjab and Tamil Nadu had recorded relatively a better performance in input and output marketing; cultivation of cash crops like paddy, cotton, sugarcane, chillies, groundnut etc. might be the main reason for this good performance. The other states especially smaller states like Arunachal pradesh, Himachal pradesh etc., were trailing behind. The rank order correlation analysis proved that there were positive relationships between the various working aspects of CMS in various states. (No. of societies, membership, share capital, business operation) An increase in one factor influenced the increase in other factor.

CMS at the Tamil Nadu state level

Presently there are 114 primary CMS in Tamil Nadu which are affiliated to TANFED, the State level marketing federation. Only in Tanjore district, there is a district level cooperative marketing federation. In 1997-98, the primary CMS had covered 8,75,130 individuals and 6790 societies as members apart from 1 membership of the State Government. However, more than 80 percent of the share capital of the societies were governmental share capital. 60 percent and 77 percent of the societies were engaged in sale on commission basis and outright purchases respectively.
Joint venture purchases were made by only 18 percent of the societies. 31 percent of the societies in Tamil Nadu were not at all engaged in fertilizer distribution. Except a few societies like Nilgiris CMS, all other CMSs performance was found to be very poor in the supply of seeds and implements. More than 97 percent of the input trade was with fertilizers only.

The business turnover of a majority of the CMS in Tamil Nadu were between Rs.5 and Rs.10 crores. However there were wider variations between the societies; the turn over ranged between Rs.50 lakhs and 1200 lakhs. About 5 percent of the societies in the state were functioning on profit. Based on more business, many services, profitable working etc., 88 CMS in Tamil Nadu were classified as non-successful. Of the 26 successful societies 2, 14 and 10 were grouped as outstanding, best and good respectively. The Nilgiris CMS is one of the outstanding societies. The main reasons identified for the existence of more number of weak CMSs were:

- Low share in the market
- Inadequate infrastructural facilities
- Inefficient marketing
- Non-tie up arrangements with consumers cooperatives, PACBs etc.,
- Inadequate, poor quality and non-required brands of input supply
- Financial constraints
- Limited crop dealings
- Local politics, unethical practices etc.,

**Selected study units: Micro scenario**

The selected units are (i) Avinashi Producers’ Cooperative Marketing Society and (ii) Nilgiris Cooperative Marketing Society. The first unit was started in 1954 and the second unit in 1935. The linear trend in the membership of Avinashi and Nilgiris CMS observed were $Y = 143.14 + 10.83 \times X$ and $101.14 + 0.16 \times X$ which shows a marginal linear rate of growth in the total membership of the Nilgiris CMS. The reason for the limited growth in membership may be that the society had already crossed 77 years of service and most of the farmers might have already been admitted as the members.

An increasing trend in the total working capital was noticed in the Avinashi CMS. But the linear rate of growth was found to be marginal. On an average the society's working capital during the study period was Rs.77.07 lakhs per year. A downward trend in the working capital of NCMS was noted mainly after 1994-95 which was due to the declines in the borrowings from the government. The linear trend was noted to be negative. On an average the Nilgiris CMS operated with Rs.164 lakhs of
working capital every year. The contribution of various components to the total working capital of the societies during 1997-98 was

<table>
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<tr>
<th>Source</th>
<th>Study unit I</th>
<th>Study unit II</th>
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<tbody>
<tr>
<td>Share capital</td>
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<td>16</td>
</tr>
<tr>
<td>Reserves</td>
<td>23</td>
<td>42.3</td>
</tr>
<tr>
<td>Deposits</td>
<td>16</td>
<td>0.4</td>
</tr>
<tr>
<td>Borrowings</td>
<td>26</td>
<td>41.3</td>
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Fertilizers constitute a major component of the societies’ input sales (80 percent). The value of input sales by the societies during 1997-98 were Rs. 12.99 lakhs and Rs. 1089.30 lakhs respectively. The higher fertilizer sales in Nilgiris CMS was attributed to the fact that the society itself prepared mixture and supplied the required fertilizers for the hill crops. Moreover it had a good network of fertilizer distribution centres.

The Avinashi CMS mainly dealt with cotton, groundnut and Nenthiran bananas and the Nilgiris CMS dealt with hill vegetables especially potato. They mainly adopted (98 percent) commission agency based marketing. An increasing trend was found on the value of sales and on an average about Rs. 11 crores value of products were marketed by each of these societies during the reference period. The Avinashi CMS had high linear growth trends. This might be due to the involvement of many outside
farmers even from the other districts who brought their cotton for its disposal.

On an average Rs.8.66 lakhs and Rs.73.83 lakhs of pledge finance were issued by the Avinashi and Nilgiris CMSs respectively during the reference period. Relatively the good performance of Nilgiris CMS in this respect was due to the availability of adequate godown facilities and funds.

The Avinashi CMS could not implement the scheme of linking of credit with marketing. But the performance of Nilgiris CMS in this respect is upto the mark.

The Nilgiris CMS had adequate market yard facilities. But processing and transport facilities were observed to be negligible.

The Avinashi CMS participated in public distribution system and on an average Rs.184.87 lakhs of consumer articles were supplied to the public. The linear growth rate was also considerable i.e., \( Y = 490.83 + 45.28X \) evidencing a steady progress. The Nilgiris CMS did not take up this activity.

Jewel loans issued by the selected units were increasing every year. On an average Rs.69.62 lakhs and Rs.218.46 lakhs of Jewel loans per annum were issued by the Avinashi and Nilgiris CMS respectively.

The average per year establishment cost of the Avinashi and Nilgiris CMSs were Rs.8.70 lakhs and 79.68 lakhs respectively. Salaries accounted
for a major portion of the cost of establishment Against the norm of 2%, the
cost of establishment of Avinashi CMS was less than 1 percent of the
turnover whereas it was nearly 4% in respect of Nilgiris CMS.

Both the societies were running on profit (Rs.37.69 lakhs and
Rs.42.79 lakhs in 1997-98) which shows the societies were working on
sound lines. Both the societies had certain unique features like rest room to
farmers, sale of crackers, text books, cattle feed, supply of quality seeds,
good market yards, linking of credit with marketing etc.,

The micro analysis revealed that the selected units had recorded a
standardised performance during the reference period and proved their
mettle for member centered services and positive impacts on farmers.

Profile of the Respondents

About 98 percent of the sample farmers were males and nearly 50
percent of them were middle aged. Their mean family size was 4.55. As
much as 95 percent of them belonged to backward community. Only 15
percent of them were illiterates. The mean, standard deviation and
skewness showed that most of the Respondents had educated upto 7th
standard. The social participation index showed that a majority of the
Respondents (58 percent) had low level of social participation.
Comparatively, the Respondents of Nilgiris CMS had more social
participation. This might be due to their higher literacy level. More than
average number of Respondents had good exposure to mass media and contact with change agents. The cooperative awareness among the members was found to be more.

The analysis of assets including land and buildings, income, expenditure, savings and borrowings revealed that most of them (95 percent) belonged to middle class.

There were more variations in the total marketable surplus of the Respondents. The mean score for the proportion of open market sales to total marketable surplus was 38.718 percent. Whereas the sales thro’ CMS was 41 percent. Services received index revealed that the members were receiving more services from the society.

**IMPACTS**

Participation in CMS is bound to generate impacts on members. To identify the five - fold impacts i.e., social, economic, cooperative, democratic and empowerment, a number of statements on 6 point scale responses were used. The maximum scores for each of the impacts were divided by three to make three equal segments of scores to highlight low, medium and high level of impacts.

**Social Impact**

To assess the perception of the social gains that members have derived by participating in the CMS, a set of 20 opinion based statements
were put forth. Their responses are the outcome of their mindsets which deeply reflect their full sense of achievement of positive gains. The analysis showed that a moderate level of social impact could be found in respect of a majority of the Respondents (43 percent). The overall social impact of cooperative marketing societies on members was not considerable (i.e., below average). Comparatively, the social impact was noted to be less in the plains (i.e., Avinashi area) than in the hill area (i.e., Nilgiris).

**Economic Impact**

The perception of economic benefit of CMS was measured by posing some 74 statements to the Respondents. Their responses were recorded in a 6 point scale. The index based table clearly showed that majority of Respondents’ economic impact was high and lead to the conclusion that the CMS had good economic impact on farmer members. The economic impact was comparatively more in Avinashi area.

**Cooperative Impact**

The perception of the members in this regard was assessed with the help of eleven statements. Cooperative impact was found to be high with a core of majority of the Respondents (55 percent). Considering the number of high scores, mean, standard deviation and skewness, it is concluded that the cooperative marketing societies had made cooperative impact on members. Cooperative impact was more in Nilgiris area.
Democratic Impact

Cooperatives are the training grounds for the practice of democracy inside and outside the cooperative societies. The 6 point scale responses to 16 statements formed the basis for computing democratic impact index. The overall analysis lead to conclude that the CMS had made democratic impact on members. It was noted that democratic impact was more in Avinashi area than in the Nilgiris hill area.

Empowerment Impact

The tabulated empowerment impact index based on 16 statements shows that the empowerment impact in respect of a majority of the Respondents (49.5 percent) was moderate. The average empowerment index is 430239, the standard deviation is 22.270 and the skewness is -.749. Therefore it is concluded that the empowerment impact is upto the mark. It is concluded that the empowerment impact was same in both the districts.

The results revealed that the CMS have made considerable economic, cooperative, democratic and democratic impacts. But social impact was not considerable (moderate). Comparatively, the impacts of CMS were more in the plains (i.e., Avinashi area) than in the hills area (Nilgiris). Vast area of operation (one whole district) and the difficult reach / movement in the hill tracts might have minimised the frequency of farmers’ contact with the society and this might be the causative force for lower impacts in the Nilgiris.
FACTORS INFLUENCING THE FIVE-FOLD IMPACT OF CMS

Various socio, economic, demographic and cooperative variables / factors might have influenced the five-fold impacts. These factors were methodologically assessed by using Multiple Regression Analysis.

Factors Influencing Social Impact

The Regression coefficients are significant for exposure to mass media, contact with change agents, occupation, total value of assets, total production, satisfaction index, total marketable surplus, inputs received and price. A unit increase in these factors CETARIS PARIBUS would result in an increase of social impact. But an increase in total value of assets would negatively effect the social impact. The analysis proved the hypothesis, “the main occupation of the members (farming) and their exposure to mass media had influenced their social impact”. Contact with change agents might have made the respondents informed of the activities of the CMS and helped them to know about new programmes and facilities launched then and there. Contrary to assumption that membership in CMS, nearness to the society and services availed had no effect on social impact. Backwardness in community would bring higher social impacts.

Factors Influencing Economic Impact

Membership in CMS, duration of membership, services received from CMS, proportion of sales thro’ CMS, price received for the products
and the satisfaction level were the enhancing variables for the economic benefit. Members who had agriculture as their main occupation perceived more economic impacts. There were no significant relationships between economic impact and education, assets, distance to the society. Hence the hypothetical statement, “Education, assets, membership in CMS duration of membership, distance to CMS and proportion of sales thro’ CMS would influence economic impact” is partially proved.

**Factors Influencing Cooperative Impact**

Educational level of the members had acted positively towards cooperative impact.

Social participation, occupation, total production, inputs receipts, contact with change agents, satisfaction index, membership, duration of membership and price received for the products have acted favourably towards the cooperative impact. Whereas the total land owned, total agricultural expenses, distance to the society and other services received from the society have acted negatively towards the cooperative impact. Thus the hypothesis, “Education, total production, price, duration of membership would make cooperative impact” is proved in this study.

**Factors Influencing Democratic Impact**

Exposure to mass media, quantum of borrowings, membership in CMS, duration of membership, cooperative awareness and availing of
various services had acted favourably towards the increase in the
democratic impact. Whereas family size, land holdings, educational level
and total agricultural expenses had acted against the democratic impacts.
The analysis disproved the hypothesis, “Frequent contact with officials and
other agencies would bring forth democratic impact to the members of
CMS”.

**Factors Influencing Empowerment Impact**

Educated younger members had more empowerment impact. Exposure to mass media, price received, membership in CMS, duration of
membership, services availed, cooperative awareness and satisfaction of the
Respondents had made empowerment impact. Land holdings and total
agricultural expenses of the members had negative relationship with the
empowerment impact. Occupation and social participation had insignificant
relationships. Hence the hypothesis, “Age, education, social participation,
exposure to mass media, occupation, membership, duration of membership,
cooperative awareness and services availed by members would contribute
empowerment impact” is partially proved.

**CONCLUSION**

Results of this study let to conclude that the CMS in the selected
western – Ghat zone of Tamil Nadu has made substantial economic,
democratic, cooperative and empowerment impacts, whereas social impact
was only moderate. Relatively the cooperative impact of CMS was more in the Nilgiris / hill area than in the Avinashi / plain area. Where as the other impacts were more in plains than in the hill area. Educational level of members, occupation, land holding, price received from CMS, membership and duration of membership, marketing services and the member’s level of satisfaction were as the major factors which influenced the impacts.

**IMPLICATIONS FOR MAKING BETTER IMPACTS (i.e., +VE EFFECTS)**

The findings of this empirical study enabled this researcher to spell out the following implications and suggestions for improvements of the selected units policy making by the Government for making better impact of CMS on farming community.

**For Economic Impact**

- Financial resources of the selected units can further be improved for developing more infrastructural facilities and promoting diversified business operations. In this context, additional share capital mobilisation, Government and NCDC’s financial support are to be enhanced.

- Admission of more members in the command area and boosting up of the magnitude of transactional members. All the strata of farmers are to be brought under the umbrella of CMS fold.

- Supply of adequate, timely and required brands and varieties of inputs viz., fertilizers, pesticides, seeds and tools at fair prices.

- Establishment of more retail outlets for input supply.

- Dealings in all the principal crops grown in the command area.
- Further improvements in the infrastructure facilities such as market yards, transportation, storing, processing etc.,

- Opening of seasonal procurement centres for cluster of villages during post - harvest periods.

- Adoption of appropriate system of marketing (outright purchase / commission agency / joint purchase) which is most suitable to the area and crops.

- Motivating the farmers and promoting their loyalty by providing services like supply of gunny bags, provision of rest rooms, charging of minimal market costs etc.,

- Technical guidance and imparting of marketing management strategies to the executives and other marketing personnel.

- Facilitating price advantage to the producers by extending grading at farmers’ level, storing at yard-level and attracting more traders / dealers for ensuring effective competition in the market.

- Effective implementation of governmental policies pertaining to minimum guaranteed price for principal crops.

- Check on the undesirable collusions by traders.

- Adoption of effective planning, budgeting and evaluation with reference to input and output marketing.

- Proper tie-up arrangements with PACBs, higher level marketing federations, consumers and processing cooperatives and commodity corporations.

**For Social Impact**

- Propaganda among members and public at large on social equality, anti-social evils, artificial barriers based on sex, caste, etc.,
developing of community welfare consciousness, community amity and harmony, community works etc., by the CMS, Federation and Unions.

- Encouraging the members to assume leadership positions.
- Helping the member farmers to enhance their contact with change agents, exposure to mass media, active social participation, etc.,
- Development of a library and common meeting hall to enhance the general awareness and frequent contact and discussion of members.

For Democratic Impact

- Conducting the elections regularly and guiding the members to elect service oriented people to the board / executive committee.
- Encouragement of members’ active participation and discussion in the meetings.
- Avoiding the interference of party politics in the day-to-day affairs of the CMS.
- Development of transparency in the main dealings.
- Educating members on the democratic ideals and aspirations of cooperatives.

For Cooperative Impact

- Promotion of the cooperative knowledge and awareness among the members and potential members.
- Frequent contact of officials and non-official leaders with members, potential members and employees for solving common problem.
- Development of cooperative extension services and member education programmes.
- Conducting periodical leadership training programmes by the CMS and cooperative unions for the directors and office bearers.

- Accountability of cooperative leaders / directors, officials and employees to the members.

- Development of a better AKUAP (Attitude, Knowledge, Understanding, Awareness and Perception) on cooperation in general and marketing cooperatives in particular among the farming community.

*For Empowerment Impact*

- Encouraging social contacts and get togetherness of members for focus group discussions.

- Check on vested interests.

- Encouraging women’s active participation both in business and management.

- Encouraging the more percentage of votes in the cooperative elections and also for Contesting with democratic spirit.

- Motivating the weaker sections especially the socially downtrodden people to take active part in the affairs of the society.

- Making the articulate sections of the community viz., agriculturists, consumers and labourers as active partners and beneficiaries of the cooperative marketing movement.

The implications spelt out above carry several developmental activities by the CMS for making still better impacts on the peasants.
SUGGESTIONS FOR FURTHER STUDIES

In the light of the findings and observations of this empirical study (which is mostly members’ responses based) The following impact based further studies are suggested:-

1) Studies in the other zones of Tamil Nadu viz., central up land and coastal hinter land zones. Such study is expected to provide a competitive picture on the impact aspects.

2) Same impact studies in the present study area (western ghat-zone) may be conducted by adopting different methodology. For Example, collection of base line (Bench mark) quantitative data and their subsequent comparison with the same data after a time span of 2 or 3 years.

3) Studies on the impacts of various other types of cooperatives as well as all the cooperatives in the same western ghat zone and in other zones of Tamil Nadu may also be conducted.

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