CHAPTER - I

REVIEW OF LITERATURE

INTRODUCTION

Varied intensive research studies are a sin-quo-non for giving dynamism and broad-based identity to cooperative marketing. An overview of related theory and practice, concepts and tools of analysis is essential for effective research in this discipline.

MARKETING RESEARCH

Market research consists of inquiries to open up new markets for specific products, or to expand the existing ones, thro’ better knowledge of consumer-demand and producer-supply conditions. Whereas marketing research is broader and more profound. “Marketing Research has its objective the discovery of processes, organisations, arrangements and situations that will tend to maximize the total sum of satisfactions of the society”.\(^1\) In the context of agriculture, “Marketing Research implies research into the efficiency of the marketing system as a whole of the methods employed and of organisations involved”.\(^2\) Data and conclusions presented as a result of such research may be helpful to various marketing enterprises, Government and producers in raising

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2. Ibid p.p. 478-490 (Cooperative Perspective, April-June 1975 – quoted by Dr. M. Gopalan)
their efficiency. One of the most pertinent developments in recent economic thought and action has been the recognition of the importance of agricultural marketing in underdeveloped countries. "There is great scope for Marketing Research in the less developed countries, in many of which even the basic information is lacking". Marketing specialists stress the need for research designed to appraise the effectiveness of existing marketing institutions and to guide Government policies along lines that would maximise attainment of their goal. Within the objectives of marketing research there may be almost unending number of problems needing solutions. These problems are in many ways different from those of marketing of industrial products, owing to different conditions of demand and supply.

**APPROACHES TO MARKETING RESEARCH**

Of late, several approaches to the study of various dimensions of marketing issues have been developed. Such approaches are highlighted in the following chart –

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3 Expressed in FAO, New Delhi meeting on Agricultural marketing, 1959
Approaches to Marketing Research

Studies on 'what' of marketing

The functional approach

Potential Research areas

Study of Exchange Study of Study of
physical facilitating functions functions

a) Buying b) Transp c) Risk bearing d) Marketing
a) Storage b) Financing c) Information d) Information
a) Standardisation c) Information c) Information

b) Selling b) Transp c) Risk bearing d) Marketing
-portion, etc. etc. etc.

Studies of 'who' does 'what'

The institutional approach

Potential Research areas

Study of marketing channel and middleman marketing

Both functional and institutional aspects for a particular commodity (Cotton, Jute etc.)

Organised and Unorganised markets


The concept of marketing efficiency and its measurements also emerged as the latest developments in the recent day researches in marketing.
**COOPERATIVE MARKETING**

Cooperative marketing is defined as the system by which a group of farmers are involved in joint action. Their marketing processes involved in bringing goods from the producers to the consumers. It can be considered as a formal association of cultivators based on cooperative principles primarily for the purpose of helping themselves.

**LITERATURE ON COOPERATIVE MARKETING SOCIETIES**

The main aims of this Review of the literature on cooperative marketing are-

(i) to know how-far the ground is already prepared;

(ii) to identify the lacuna therein; and

(iii) to pin-point the fresh and need based issues for further research.

Several individual investigators, expert committees, commissions and study teams had made a few studies and observations on various aspects of cooperative marketing societies. The important findings and observations found in research publications are reviewed here under. For the specific purpose of review, the available literature on the subject are classified as follows:

- Studies on marketing disabilities / problems (problem identifying studies)
A kaleidoscopic picture on cooperative marketing is drawn by most of the above literature. The approach and observations of each one of such studies are reviewed hereunder.
Studies on marketing disabilities

The malpractices in the system of agricultural marketing are well known. Marketing malpractices are nothing but thefts (Royal Commission on Agriculture, 1928). Since 1928, conditions had improved with the development of institutional marketing agencies like regulated markets etc. However a number of malpractices in different guises were reported to be continued. For instance, The All India Rural Credit Survey Committee (1954) had described the position as follows:

"While standards of marketing have improved in most of the relatively few regulated markets which have been established, a number of malpractices still exist even in these, since personnel and enforcement are two great problems, not always attended to, much less solved."

The malpractices create marketing disabilities to the farmers. The following are the malpractices in the system of agricultural marketing reported by Dantwala Committee on Cooperative Marketing and commodity market surveys conducted by the Directorate of marketing, Government of India.

- Multiplicity of market charges
- Unwarranted and heavy trade allowances
- Adulteration and lack of grading
- The under cover method of sales
- Incorrect weightment
- Delayed payment of sale proceeds
➢ Deduction of advanced money with heavy interests from the sale proceeds

➢ Taking of large samples by buyers

➢ Low marketable surplus

➢ Superfluous middlemen

➢ Bottlenecks in storage and transportation and

➢ Lack of market information.

The above deficiencies are to be removed. Efficient marketing organisation, therefore, becomes vital to the health and well being of a community. So an orderly marketing i.e., cooperative way of marketing assumed importance. However these cooperative organisations had also faced some problems in their tasks.

The report of the All India seminar on cooperative marketing of agricultural produce conducted by National Cooperative Union of India (1962-63) had drawn attention to the cruxes of cooperative marketing societies and of marketing of agricultural produces. It stressed the need for standardisation and grading of agricultural produces, strengthening of organisational and functional
aspects of cooperative marketing in addition to the need for the provision of technical guidance and training of marketing personnel.\textsuperscript{4}

The study conducted by Dr. Kahlon and Grewal (1962) had examined the reasons for the failure of ‘Linking of Credit with Marketing’\textsuperscript{5}. Whereas prof. Shah in his study had highlighted the working of integrated scheme of credit and marketing.\textsuperscript{6}

Prof. Chaturvedi\textsuperscript{7} and Svardstrom\textsuperscript{8} in their study had observed the disproportionate fall in prices after harvest. These authors had recommended the method of ‘purposive exchange’ through the institution of cooperative marketing to eliminate the defects.

The All India Rural Credit Survey (1954)\textsuperscript{9} among other things, had observed the limited role of marketing cooperatives in the disposal of marketable surplus, the domination of commission agents and the need for the linking of credit with marketing and warehousing development.

\begin{footnotes}
\item[6] Shah.A.C. Integrated scheme of rural credit, University of Bombay, 1963
\item[7] Chaturvedi, Theory of marketing in underdeveloped countries, Kitab mahal, Allahabad, 1954, p-20
\item[9] RBI, All India Rural Credit Survey, Bombay, 1954
\end{footnotes}
The National Cooperative Development Corporation appointed a committee on cooperative processing.\textsuperscript{10} This committee had pointed out the problems in processing as a vital issue in marketing and suggested the need for the undertaking of processing activities as an adjunct function by the marketing cooperatives.

The All India Rural Credit Review Committee (1969)\textsuperscript{11} had specifically noted the problems of small and marginal farmers and the need to help them on the marketing front.

G. S. Kamat (Dr)\textsuperscript{12} in his publication on marketing- The Cooperative Way (1974)-had revealed that weak share capital base, wrong location, inefficient management etc., were causative forces for the weakness of cooperative marketing.

There are also several studies connected with the specialized cooperative marketing societies. For example, the production and marketing problems of groundnut growers and their relationship with marketing cooperatives were examined by Prof. Gopalan. M. and Eswaran (1979)\textsuperscript{13}. The study spelled out various problems faced by the concerned cooperative marketing societies.

\textsuperscript{10} National Cooperative Development Corporation, Report of the committee on cooperative processing, New Delhi, 1954
\textsuperscript{11} RBI, All India Rural Credit Review, Bombay, 1969.
\textsuperscript{12} Kamat.G.S., Marketing – The Cooperative way, 1974
\textsuperscript{13} Prof. Gopalan.M. and Eswaran, production and marketing problems of groundnut growers in coimbatore district, Tamilnadu., the role of cooperative marketing societies in solving such problems, Sri. Ramakrishna Mission Vidyalaya College for Rural Higher Education, Coimbatore, 1979.
In an article, Chakuu (Dr.o.p.)\textsuperscript{14} had examined the operational problems of the marketing cooperatives. He has established that effective planning is a powerful instrument to transfigurate the functioning of marketing cooperatives and to make them economically viable institutions. He has classified the operational problems of the marketing societies as:

Technological: arises due to lack of financial resources
(grading, Processing problems etc.,)

Non-Technological: arises due to defective organisation and
inefficient management (irrational budgeting,
improper evaluation, etc.,)

The author has also suggested the measures to over-come the above constraints.

\textit{Working of Marketing Cooperatives in India}

Right from 1913, primary cooperative marketing societies are functioning in India. They have undertaken many activities. The coverage of their working aspects is bound to give a complete picture of the general working of a cooperative marketing society. The factual studies can highlight the performance and role of cooperative marketing societies and facilitate spatial and temporal analysis. In this connection a study on the working of primary cooperative marketing societies in Thanjavur district has analysed

\textsuperscript{14} Chakuu, o.p., operational problems of the marketing cooperatives in J&K State, Indian Cooperative Review, Jan 83, p. 235 –247.
their actual performance. It has projected the vital need for improvements in overall working in order to obtain more marketing-share in the disposal of the principal crops like paddy, groundnut and pulses (study team, 1965). It is relatively an old study and it has probed the working aspects in a descriptive manner without much of statistical analysis. Again the primary data were not used in this study.

The Dantwala Committee (Government of India, 1966) had reviewed the pattern of marketing of agricultural produce, input supply, supply of consumer articles at different levels. The pattern of development with particular reference to inter-relationships between the organisations at different levels for the successful working of both cooperative credit and marketing, integration of credit with cooperative marketing and processing, effective role of cooperative marketing societies in linking of credit with marketing were stressed by his study.

Micro level studies on the working aspects of individual cooperative marketing societies will definitely throw more light on the role and performance of such societies at grass root level. The organisational, structural, financial, functional and managerial aspects of working were probed by an individual investigator (Ganesan, 1965). The various marketing activities and services undertaken by the selected cooperative marketing societies, their managerial and administrative aspects etc., were also analysed in that study.
But it has described particulars about a few societies only and their positive and negative aspects of working are just listed.

Ramesh Singh Jalal\textsuperscript{15} in his study has identified the following problems with reference to the selected cooperative marketing societies in Nainital district (U.P). Farmers resorting to money lenders due to faulty policies of PACS, Marketing Cooperatives’ helps only to big farmers, corrupt practices in marketing cooperatives, low market share of such societies (less than 20 percent), poor membership coverage, doing commission agency business for the benefit of traders and lack of godown facilities were the main findings of this study. It has concluded that the cooperative marketing societies could not attain even partial success and they have become a formality.

Ghanashylam Das, Prabakar Reddy and Sithambar (1985)\textsuperscript{16} had examined the working of Andhra Pradesh Cooperative Marketing Federation (MARKFED) with special reference to fertilizer distribution. This study has probed the aspects like purchase procedure, distribution channel, etc. Its main findings were-

\begin{itemize}
\item Under tied up sales, some fertilizers were supplied to the farmers which they did not require
\item The margin in fertilizer business was low
\end{itemize}

\textsuperscript{15} Ramesh Singh jalal, a critical review of cooperative marketing of agricultural products – a case study, Cooperative Perspective, April-June 1981, p.42-48
❖ Inadequate storage facilities
❖ Problem of loss in transit
❖ Non-marketing of pesticides and seeds
❖ Delayed supply of fertilizers
❖ Seasonal sales of fertilizers

This study has also suggested remedial measures to overcome the above problems.

To analyse the degree of association of different variables with the working of cooperative marketing societies based on the opinions of the policy makers and officials of the member societies, a study was done by Sankara Murthy\textsuperscript{17} (1985). Cluster analysis of variables was adopted. The main findings were

✓ The cooperative marketing societies had a good communication and coordination system within and among organisations.
✓ There was need for imparting training to the policy makers
✓ Member societies had good performance
✓ The societies experienced managerial problems
✓ The impact indicators and the financial support to member societies were considered as immediate attention areas.

A case study, 'working of primary cooperative marketing societies in Andhra pradesh'\textsuperscript{18} had examined the progress of a cooperative marketing society, its impact on the price level, benefits provided, inconveniences caused etc., It revealed a good picture of the performance of cooperative marketing societies in Andhra pradesh and provided certain suggestions. Almost at the same period, Singhal\textsuperscript{19} has made an attempt to ascertain the usefulness and utility of the cooperative marketing societies in Haryana state. He revealed an unsatisfactory position by observing that the quantum of business during the period under study (6 years) was almost stagnant or had receded, non-implementation of linking of credit with marketing, storing, grading etc., were not at all covered.

The Tiruchengodu cooperative marketing society in Salem district in Tamilnadu is one of the few good marketing organisations in the state. Mr. Mahalingam, in his study, had concluded that this society had acted as a beacon light in providing effective and efficient marketing, distribution and post harvest dealings in the district.

Report on marketing of specific plantation crops, NCDC, 1966 suggested measures for the development of specific cooperative marketing societies with their adjunct function of processing in respect of crops like

\textsuperscript{18} Shankaraiah, A., Srinivas, M., Anjaiah, K., Working of primary cooperative marketing societies in Andhra pradesh – A case study, Indian Cooperative Review, July 1988, p. 61-72

\textsuperscript{19} Singhal, C.D., Functioning of primary cooperative marketing Structure in Haryana – A Case study, Indian Cooperative Review, July 1989, p. 94-105
arecanut, coconut, black pepper, etc. During 1950's the Union Ministry of Agriculture thro' its Directorate of Marketing and Inspection had conducted a series of commodity surveys\textsuperscript{20} on the marketing of various agricultural commodities. However, these studies are very old and so they have no relevance to the present day conditions.

Gopalan \textit{M (Dr)} and Ramdev\textsuperscript{21} had given a detailed account of the various aspects of a hill vegetables cooperative marketing society and the problems therein.

A comparative analysis with respect to performance of cooperative societies and private agencies involved in vegetable marketing in Gujarat was conducted in the year 1994.\textsuperscript{22} Two marketing channels were studied.

1. Producer – Cooperative society – Retailer – Consumer

The main findings were:

- Market share of cooperative marketing societies was 72 percent
- Price received and producer's shares of consumer's rupee were high in channel II.

\textsuperscript{20} Govt. of India, Ministry of Agriculture, Directorate of Marketing and Inspection, A Survey on the Marketing of Agricultural Commodities, 1950.

\textsuperscript{21} Gopalan M (Dr) and Ramdev J., Marketing of hill vegetables in the Nilgiris district with special reference to the role of cooperative marketing societies, Tamil Nadu, M. Phil thesis (unpublished), Bharathiar University, 1985.

This study concluded that the society had good coverage and created a fair competition.

**Studies on Regulated and Cooperative Markets**

Regulated Markets have been established by District market committees under the Agricultural Produce Market Acts of various Indian states. Growers, commission agents, traders and cooperative marketing societies are their functionaries. They are expected to ensure orderly trade in the notified crops in the notified area. They collect cess from commission agents, traders and from cooperative marketing societies also. They are intended to counteract the malpractices prevailing in the assembling markets against the interest of the peasants.

Various studies show that wherever Regulated Markets are strong and active, the cooperative marketing societies in those areas are weak and vice-versa. Information on various working aspects and impacts of Regulated Markets in various areas are shown by several studies / observations: prof. Dantwala, M.L., (1947), Kulkami, A.P., (1962), Lakshman singh (1962), Pillai (1965), Raja (1972), Kandar (1998), Sexena, B.E. (1964) and Natu(1967). They show the minimisation of cost of marketing, nature of flow of information from one place to other, level of success of implementation of Agricultural Produce Market Act, impact of conditions over those of unregulated conditions, extra income to growers, functionaries' nature and
extent of role in the market yards, systems of sales, amenities and their adequacies, relationship between arrivals and prices, advantage or otherwise of storage, poor representation to growers in the market committees, etc.

There was the impact of Regulated Market with regard to reduction in market charges (Hiranmatdari and Rajakrishna, 1963). Whereas an empirical study conducted in Karnataka on some facets of Regulated Markets concluded that the popular opinion about the ease of earning huge profits from storing products in the godowns of Regulated Markets may be more a myth than a reality (Donald Taylar, 1972). In that study the costs of storage, storage loses, insurance premium, interest rates on capital tied up, bag loses, remuneration to entrepreneurial management etc., are applied to calculate the costs. Yet the study has shown that the arrivals directly made by growers to regulated market yards were very meagre and it has identified the factors desisting the growers to make direct arrivals (Krishnasami and Gopalan, 1965). The investigations so far made have not probed the extent of relative popularities of Regulated and Cooperative markets among the various strata of growers and specific reasons for the low quantum of direct arrivals of produce from farmers for sale and their relative operational efficiency on various aspects.

To a farmer who is conscious of his economic interests, a marketing cooperative is as important as a credit cooperative (FAO, 1960). Theoretically, it has many advantages. But how far these advantages have practically accrued
to the farmers is a question for study. Ryon and others (1965) in their study provided a descriptive account of the nature of cooperative marketing in general in various areas. Many more studies have come out concentrating on one or other aspects of cooperative marketing. But most of these studies have not specifically examined the impact aspects of cooperative marketing societies.

**Evaluation Studies**

Whether the primary cooperative marketing societies have made remarkable forward strides in the actual marketing of agricultural produce? This issue was probed by several committees. Their reports have observed the lack-lustre performance of several societies. The Expert committee on Assessment and Evaluation in its final report has observed that “the main area where cooperative is at its weakest at present is in respect of cooperative marketing”.

The following are the three main objectives of which cooperative marketing societies were organised.

(i) Pledge loan (ii) Marketing of produce (iii) Input supply

The actual performance of cooperative marketing societies in the above trio-aspects was evaluated by a follow-up survey conducted by the RBI (Development of Cooperative Marketing: A Survey Report, 1968). It concluded that (i) the actual performance of the marketing societies was none
too encouraging (ii) a very insignificant proportion of the total produce came into cooperative markets and (iii) cooperative marketing societies had made negligible impact on the farmers about their ability and scope as good marketing institutions.

Surveys also show that most of the primary cooperative marketing societies did not effectively cover all the villages in terms of membership of growers and collection of agricultural produce. However, in some States for some crops cooperative marketing societies played a crucial role in marketing. For example, State-wise data show that U.P and Maharastra accounted for 81 percent of total sugarcane marketed thro’ cooperatives.

This progress could be achieved due to the State Cane Acts under which Sugar Factories are required to buy their requirements of sugarcane from reserved areas only thro’ Cane Marketing Societies. Studies also reported about the regional imbalances even in the limited progress made by cooperative marketing societies.

Surveys reveal that inspite of a number of advantages and facilities offered by the marketing societies, many members do not come to sell their produce thro’ them. Cumbersome procedure, delays, attraction by private dealers, lack of cooperative education were some of the reasons reported for the non-use of marketing societies.
The evaluation studies have also identified the following defects and difficulties, which retarded their effective performance:

- Inadequate working capital
- Sales by the recently organised societies are not upto the mark
- Insufficient inducement to farmers to bring their produce to the societies.
- Inadequate provision of marketing services
- Non-provision of processing facilities
- The area of operation for many societies are unnatural
- Position of godowns is far from satisfactory
- Defective loan policies
- Vested interests
- Some societies are dominated by traders and non-cultivators
- High operational costs
- Inadequate business support from Apex cooperative marketing societies.

Other causes for poor performance:

The survey conducted by RBI (1965) has also identified the following other causes for the poor performance of many cooperative marketing societies in various states.
- Societies emerged with official initiative and not by farmers
- Target hunting
- Unplanned programmes of action
- Lack of integration of tiers
- Competition from credit societies
- Bias towards individual membership
- Poor management
- Malpractices and favouratism
- Non-helps from regulated markets
- Concentration on distribution activities
- Lack of supervision
- Weak and non-viable credit societies.

There appears to be a vicious circle in the agricultural sector of the cooperative movement. Credit societies could not work efficiently as cooperative marketing is not well developed. While the latter could not keep pace as the former are weak links.

Based on the above difficulties, suggestions have been made by several studies and committees to improve their performance.
Efficiency based studies

An efficient marketing system is a pre-requisite for stable and remunerative prices to producers, which can alone provide the necessary stimulus and incentive to increase production. H.N. Patil, P. Kumar and M.A. Muralidharan\textsuperscript{23} conducted a study in 1980 on the marketing efficiency of cooperative organisations in the mango industry in Maharashtra state. The study analysed the cost of grading, packing and transportation, commission, per crate cost of marketing, etc., under various channels of marketing. It concluded that the channel, producer $\rightarrow$ cooperative $\rightarrow$ consumer – was the most efficient one in mango trade.

A study\textsuperscript{24} conducted in Karnataka with the Arecanut market revealed that the market share of cooperative societies was continuously increasing. The degree of buyers concentration was studied thro’ the technique of Lorenz curve and the magnitude of the concentration was measured by the Gini concentration ratio. The wide gap between the line of equality and the Lorenz curve showed the high degree of concentration in arecanut trade. The study brought out many positive features of the society.

\textsuperscript{23} Patil, H.N., Kumar, P., and Muralidharan, M.A., marketing efficiency of cooperative organisation, Indian Cooperative Review, April, 1985, p: 419-424
S.L. Tripathi (1986) conducted a case study on the general performance of a cooperative marketing society in Madhya Pradesh. The study revealed there was considerable increase in the membership, share capital, total working capital and fixed assets, which showed that members developed confidence in the society. The management was dynamic and helping to the cause of the society. This study has identified certain problems and most of them were related to the Dal mill run by the society. The study also offered suggestions to improve the working of the Dal mill.

The marketing efficiency of a marketing cooperative in a potato region in Tamilnadu was examined by Dr. M. Gopalan and Mathan Gopalan (1988) in Nilgiris District. The study revealed that the overall marketing efficiency of the Nilgiris Cooperative Marketing Society was good though not very good. It suggested some concrete efforts for its further improvement.

Another study, "marketing efficiency and operational problems of vegetable cooperative marketing societies in Maharashtra State" was conducted in 1991. Marketing costs, marketing efficiency and problems of members and non-members were analysed. The study concluded that the cooperative

marketing societies helped the producers in minimising the marketing costs and operate more efficiently in marketing the produce than the private traders.

Shankar Murthy\(^{28}\) (1986) studied the impact of the MARKFED on farm market in Karnataka. The study stated that fertilizer business was the leading component of the federation and the overall market share of pesticides and insecticides was low. The market share with respect to farm products and storage was also weak. The study listed out many suggestions to improve the input and output marketing activities of the federation.

A performance analysis study on the Tamilnadu Cooperative Marketing Federation\(^{29}\) (1995) covered many working aspects like paid up share capital, working capital, input and output marketing, business results etc. The growth ratio figures indicated that the federation had grown in all its activities. The study opined that the forthcoming years, TANFED is likely to emerge a major supplier of agricultural inputs.

An attempt was made to analyse the role and functional efficiency of primary cooperative marketing societies in Karnataka\(^{30}\), which revealed that the societies' marketing linkage with the producers was not impressive. They face financial threats. The study found out that 1/3 of the societies were not


performing any marketing function at all. They were engaged in the supply of inputs and consumer goods. For other societies, the turnover in marketing of agricultural produces was only 15.75 percent (inputs 23.54% and consumer goods 6.76 percent). More than 46% of the societies have incurred loss over the years. Profitability to other societies were attributed to the increased volume of consumer goods handled.

**Suggestion-based Studies**

The All India Rural Credit Survey Committee (1954)\(^{31}\) had recommended the reorganisation and re-structuring of cooperative marketing societies. Implementation of Integrated Scheme of Rural credit, development of institutional infrastructure like cooperative development and warehousing corporations, training arrangements etc., were also recommended by the survey. Most of these recommendations had been implemented in the course of the Second Five-year plan.

The All India Rural Credit Review Committee\(^{32}\) in its report had suggested the following

- Wherever marketing cooperatives are appointed as agents for Government schemes, adequate working funds should be provided by the state Governments or FCI.

\(^{31}\) RBI, All India Rural Credit Survey Committee, Mumbai, 1954
\(^{32}\) RBI, All India cooperative Review Committee, Mumbai, 1969.
The bill / Hundi system suggested by RBI for financing the Apex Marketing Societies thro’ the primaries is recommended for introduction wherever it has not been already adopted.

Pledge loans should be effectively given

Gradually bringing down the quantum of trade credit

Augmentation of share capital

Efforts to recruit and train personnel for managerial posts

Creation of common cadre at apex level

Producer-cum-traders should not be allowed to become full members. This was also recommended by Mirdha Committee, 1965.

A state level convention on marketing cooperatives organised by the Registrar of Cooperative societies and Tamil Nadu Cooperative Union under Agricultural High Level Committee in Chennai had discussed the various facets of cooperative marketing societies and came out with several recommendations for improving the cooperative marketing structure, reorientation of their marketing approaches, goals and programmes for serving the primary cooperative marketing producers in an able and efficient manner.
Venkatachala Naidu\textsuperscript{33} had stated that marketing share of the cooperative marketing societies is to be increased by many-fold. For such increase, societies should build up a good member relationship.

Seetharaman, S.P., and Mithileshwar Jha had suggested supply of inputs to the farmers at reasonable prices and thereby minimising the cost of production and high returns. The cooperative marketing societies should play a key role to enable farmers to get more of consumer’s price.

A survey report of NAFED\textsuperscript{34} (1978) had observed that strengthening of weak and dormant marketing societies was essential for the protection of farmers.

The post-harvest price depressions can be rectified by the method of purposive exchange through cooperative institutions – svardstrom\textsuperscript{35}.

Several types of malpractices of middlemen are cited already. The cooperative marketing societies have failed to arrest such malpractices. It implies the streamlining of the functions of cooperative marketing societies and extending their benefits to more number of primary producers. Efficient

\textsuperscript{33} Venkatachala Naidu, V., Member relationship, Tamil Nadu Journal of Cooperation, Tamil Nadu Cooperative Union, Chennai, May-June 1983.

\textsuperscript{34} NAFED, To Strengthen Weak and Dormant Marketing Cooperatives – Survey Report, Tamil Nadu Journal of Cooperation, Tamil Nadu Cooperative Union, Oct. 1984, p: 175-186.

management, broad based quality services, effective public relationships, better image building etc., are essential.\textsuperscript{36}

The method of "cooperative Exchanges" through cooperative marketing societies was also suggested by Chadurvedi to eliminate disproportionate fall in price after harvest.

Swaminathan, Joint Registrar of Cooperative Societies (Rtd.), in association with Tamil Nadu Cooperative Union, Chennai conducted a study in 1998 with the main objective of how to rehabilitate weak cooperative marketing societies. Non-involvement in the main marketing business, lack of infrastructural facilities, lack of tie-up arrangements, poor resources etc., were reported as problems. For rehabilitation of such weak societies (about 61 percent), he has also offered suggestions for overcoming of above said limitations. The main suggestions are (i) The business turnovers should be enhanced and (ii) Establishment cost should be minimised.

\textit{Policy related studies}

All policies of the State (Food policy, Price policy etc.,) have some implications for cooperative development - including the development of cooperative marketing. Policies also have bearing on action programmes and organisation. Both individuals and institutions have studied and discussed policy-issues with reference to cooperative marketing societies. Policies for

financial assistance to cooperative marketing societies by the SBI, commercial banks and cooperative banks were recommended by The All India Rural Credit Review Committee, 1969.

Food and price policies of the Government have implications for the role of cooperative marketing societies. Report of the food grains policy committee appointed by the Government of India under the Chairmanship of Venkattapaiah (1966) had examined varied aspects of food policy with reference to procurement of food grains, their distribution and movements and prices of food grains. It has recommended interalia a prominent role for cooperative marketing societies in the interstate food grains distribution. The food corporation of India should make available resources on an agreed basis to cooperative marketing societies for the purpose of food grains procurement. The storage capacity of the cooperatives should be extended and used for procurement of other commodities like cotton, groundnut, jute, sugarcane and inputs like fertilizer and pesticides. It had also emphasised the need for close liaisons between FCI and cooperative marketing societies (Government of India, Report of the Food Grains Policy Committee, New Delhi, 1966).

In any cooperative policy, there is a place for the role of cooperative marketing societies. Those marketing societies should play an important role in the rural development. In this regard, the marketing share of the cooperative marketing societies should be enhanced. It implies framing of cooperative
policies for the undertaking of marketing of agricultural produce on a large scale. Such a committed involvement warrants proper policies and programmes. It implies implementation of minimum support-price-policy (NCDC, 1964). Study on the actual working of the cooperative marketing societies in various regions will not only help to assess their progress but also to find out the factors which have helped or hindered the development of such cooperative marketing societies and to spell out the policy implications for their development on right lines. In this regard the findings of the study conducted by the RBI stressed the need of formulation of appropriate policies relating to cooperative marketing societies. Policies are to be framed to facilitate cooperative marketing societies to engage in the procurement of food grains as agents of Government Civil Supplies Corporation. (RBI, Development of Cooperative Marketing, A Survey Report, Mumbai, 1968).

**Opinion surveys/studies**

Farmers' opinions on various institutional and non-institutional agencies and their viewpoint on the business practices are examined by Tewari and George. The study suggested the copying of useful practices of the commission agents by the cooperative marketing societies especially with reference to provision of quality services, storage facilities, etc.

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There are also broad surveys which tried to evaluate the performance of cooperative marketing societies on the basis of the opinions and responses gathered from the members (Government of India, Cooperative marketing and processing, New Delhi, 1965). These surveys had also reported the weaknesses of primary cooperative marketing societies, stressed the need for suitable managerial personnel, building up of adequate resources for marking outright purchases. Many of such concrete suggestions were based on the opinion surveys which use mainly the primary data thro’ field investigations.

To identify the factors influencing the choice of the farmers to dispose of their produce through specified agencies, an opinion survey\textsuperscript{38} was conducted by S.C. Tewari and M.V. George (1966). The study revealed that the farmers (70 percent) mostly preferred to sell their produce thro’ private traders due to the following reasons.

- Availability of easy, clean, adequate and interest free loans
- Traders maintained secrecy of lending
- Availability of loans for unproductive purposes
- Provision of cheap and adequate storage facilities
- Arrangements for the transportation of produce
- Supply of required inputs adequately and on credit

- Free supply of gunny bags etc to the regular clients
- Better personal relationship and hospitality

The respondents also provided suggestions for the betterment of the cooperative marketing societies.

**Management—oriented studies**

Efficient management warrants proper planning, organising, controlling, staffing, directing, coordination, better communication, exhibition of desirable leadership style, teamwork etc., Marketing management is an important area of operational/functional management. A management orientation to marketing functions is essential because of the ‘5C’ problems in marketing.

First C: Complexities in marketing
Second C: Competitions in marketing
Third C: Confusions in marketing
Fourth C: Conflict of interests in marketing and
Fifth C: Constant change in marketing.

To overcome these problems, the marketing cooperatives have to follow modern marketing strategies. They should evolve proper marketing mix techniques (i.e., 4 Ps of marketing with reference to product aspect, price aspect, promotion aspect and place (of distribution aspect). They should also make SWOT analysis i.e., study of their own and their products’ strengths, weaknesses, opportunities and threats, in the market. They should fix targets and make steps to achieve the targets.
A few studies show the need for improvements in the functional management of cooperative marketing societies. They should become the active agri-business enterprises by adopting appropriate management techniques. An evaluation of cooperative marketing in South-East Asia had reviewed the trends and made the following marketing management oriented suggestions (ICA, Report of the Experts Committee on Cooperative Marketing, New Delhi, 1967).

- Development of systematic cooperative marketing
- Proper policy framing for procurement of agricultural produces
- Proper financial planning
- Adoption of sales promotion techniques
- Proper organisation (i.e., arrangements) for sales
- Suitable administrative set-up for policy making and execution
- Controlling, directing and coordinating of marketing of marketing cooperatives
- Improvements of the products to be sold
- Technical advice
- Management development programme for managerial personnel
- Proper federating of marketing cooperatives.
For the efficient performance of the marketing cooperatives, the unique problems are to be identified. Improvement of each of the marketing activity is to be analysed in terms of recent management techniques. Therefore an efficient management is sine-quo-non for cooperative marketing societies. (Mishra, R.A., 1971).

Studies in input and output marketing

Apart from finance, chemical fertilizers, improved variety of seeds, pesticides and insecticides, small tools and equipments are the key inputs for agricultural production. These inputs constitute an important component of cost of production. So the kind parts of production requisites are to be supplied at fair price. Their quality, timely and adequate supply are also essential. Therefore one of the main objectives of cooperative marketing societies is to manufacture/procure inputs and supply them to the farmers at reasonable prices. Another main objective is to sell or purchase the output of the farm (i.e., Agricultural produce) at remunerative prices. The price receipt per unit of sales made to / through the cooperative marketing societies should be advantageous when compared to the sales made to / through other marketing agencies. The prices for the output should justify the cost of production plus a reasonable gain. Then only the agricultural avocation will be a paying proposition. In modern commercial agriculture this agri-business assumes importance. Agriculture is no longer subsistence one. It is also commercial one. But it is
often reported that farmers have to pay high prices for the inputs they buy and get the low prices for the outputs they sell due to many unfavourable factors. So the terms of trade are unfavourable in the agricultural sector to ensure favourable terms of trade in agriculture, the cooperative marketing societies are expected to play a crucial role both in input and output marketing operations. But did they play their role effectively in these regards.

Several studies and surveys on cooperative marketing societies have also examined this vital issue. Several shortcomings were highlighted by the National Commission on Agriculture in its report (1976). Therefore there is a paramount need for the development of a network of marketing facilities through cooperative marketing societies.

Again the main objective of integration of input and output marketing services of the cooperative marketing societies is to help the primary agricultural producers—more especially the medium, small and marginal farmers. This aspect has been emphasised by a study on this issue (Kanagasabapthy, 1983).

**Single commodity based studies**

Single commodity cooperative marketing societies deal with mainly one or two crops popularly grown in the local area. These specialised societies can have tie-up arrangements with higher level marketing federations, commodity corporations etc., so that it is possible for them to implement the price-support
policies. Such societies should develop storage facilities (Food grains policy committee, Government of India, 1966). The role of input and output marketing by a single commodity based cooperative marketing society has been examined in an empirical study (kalpana, 1995). This study was conducted in the Tirupur cotton commodity assembling marketing centre. Many aspects like input supply, sales by different methods, storage and grading, etc., were examined and the actual role of the cooperative marketing society was probed in terms of utilisation of its services by the nearest and farthest farmers. This study concludes that agricultural marketing efficiency and increase in production largely depends on the quality of input supply and improvements in the methods of agricultural production and effective marketing. The study suggested

- In regulated market yards, the cooperative marketing society should compete with local commission agents and traders.

- The society should adopt various modes of marketing and ensure the loyalty of primary members.

- More utilization of the society by various size groups of farmers.

Nilgiris district, a hill resort in Tamil Nadu State is famous for its potato cultivation. The Nilgiris Cooperative Marketing Society sells the potatoes and other hill vegetables of the members to the best advantage.
M. Boothalingam\(^{39}\)(1988) conducted a case study of this society and analysed the various activities in detail. The study suggests the supply of quality seeds adequately. The farmers were satisfied with the mixture (fertilizer) supplied by the NCMS. But IFFCO forces the NCMS to sell their fertilizer which the farmers do not like. So this aspect is to be looked into carefully. In the same year Badhnai and Seksena\(^{40}\) did a case study in Uttar pradesh. The farmers are forced to sell to the local traders for the consumption credit they have received during off seasons. This system is termed as ‘credit based marketing system’. This study has been conducted with a view to study the magnitude of the problem and its possible solution. The main findings were

- The peasants sold a major portion of vegetables to local traders. Convenience and debt obligations were the main reasons for such sales.
- Prices they received were lower.
- Nearly 90\% of the Respondents purchased consumer goods on credit and at higher prices from the village traders during off seasons.
- There was lack of competition in the market which was favourable to traders. They dictated the price.

\(^{39}\)Boothalingam, M., Cooperative Marketing of Vegetables – A case study, Cooperative Perspective, Jan-mar, 1990, p: 48-56.

The study suggested a consumers' credit cooperative society (CCC's) to be organised with proper coordination with the marketing society to distribute the goods of daily needs of peasants on credit during off seasons. The CCC's may even directly undertake the marketing of vegetables.

"The Farmers Rural Extension Service in Horticulture (FRESH)" marketing cooperative society, Hyderabad (A.P) was studied by Sudha and Subramaniam\(^{41}\) (1995). The study analysed various aspects and concluded that the financial standing of the society was not encouraging. Reduction in overhead expenses, borrowings and blocking capital, fixation of prices in consideration with transport and packing expenses, consumer's preference while deciding the method of sales were some of the important suggestion given by the society.

Madan Lal Kataria and Prakash Mehta\(^{42}\) conducted a study in 1968 in Punjab. Cotton is one of the important cash crops in Punjab State and the study was undertaken in Bhatinda district which shared about 18.42 percent of the total cotton production in the state. The study found out that the producer was able to increase his share in consumer's rupee when marketed thro' cooperative society. This was due to 1) lack of too many middlemen and 2) reduced market costs. The researchers concluded that marketing through


cooperative society is a much paying business than marketing thro’ ‘Adhitias’ (private traders).

Working of coconut marketing cooperatives in Kerala was studied by M. Kuttiappan. Of the cash crops grown in Kerala, the most important is coconut accounting for 70 percent of India’s coconut production. The study identified the following problems.

- Limited owned funds
- Inadequate working capital
- Lack of cooperation among various cooperatives
- Lack of uniformity in the working of these societies.

The study has concluded that despite the difficulties, the processing and marketing of coconut offer the cooperatives excellent opportunities for making its impact felt in the rural economy of the state.

Pepper marketing by the cooperatives is all the more important since it is an important foreign exchange earner to our country. Kerala accounts for about 96 percent of the total area under cultivation and production of black pepper in India. Jeya S. Anand\textsuperscript{43} in her article made an attempt to analyse the efficiency of a pepper marketing society. The society made outright purchases of spices and sold to the marketing federation. Efficiency of the society was judged from two angles, viz., Technical (operational) and Economical (price).

efficiency. Statistical tools like seasonal indices, correlation coefficient and regression coefficient were used. The study concluded that though the procurement policy of the society is sound, its selling policy was not at all impressive. The study suggested the reduction in operating expenses, strengthening of owned funds and chalking out an efficient selling policy to make the society a profitable one.

**Feasibility studies**

These studies are meant for starting of new cooperative marketing societies for the growers of certain important crops grown in an area. They are in a way action researches. The possibility of organising a separate society for a crop can be investigated by collecting data in the area of cultivation, volume of production, number of growers, inability of the existing institution etc., Individual growers may be interviewed and group discussions may also be organised with the involvement of farmers, traders, consumers and society representatives. Survey of literature also shows a few of such feasibility studies. For example

- Feasibility of forming a coconut marketing society in the Anaimalai area in Coimbatore district of Tamil Nadu State (Sri Ramakrishna Mission Vidyalaya, Coimbatore.)
Feasibility of forming a coconut growers’ marketing society in the Pattiveerampatti area (Gandhigram Rural Institute – Deemed University, Tamil Nadu State).

Feasibility of starting tapioca marketing society and sago factory in Salem/ Attur area in the Tamil Nadu State (Sri Ramakrishna Mission Vidyalaya, Coimbatore.)

The findings of the above studies show the scope for farming separate cooperative marketing societies in the respective areas.

Post Facto Studies

A post facto study will refer to the results after occurrence of an incident or a fact. The studies made by several individuals and institutions mainly provided a descriptive account of the marketing cooperatives in general in various areas. Most of these studies narrate post-facto some elements of problems and tend to overemphasis the evils of middlemen element and a few of the advantages and limitations in the functioning of marketing cooperatives at farmers’ level. Most of these studies are found to be relatively old and so

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they bear no relevance to the current trends pertaining to the cooperative marketing societies.

*Other studies*

No cooperative association has ever succeeded for a long period by ignoring cooperative principles. So an attempt was made to study the principles of marketing cooperatives and examine the working of cooperative marketing societies in Pali District \(^{45}\) (1967). The main findings of the study were

- The societies did not follow the business principles like large volume of business, sound management etc.,
- The impact of cooperative marketing societies in the handling of Agricultural produce, transporting and processing had been insignificant.
- The non-observance of the cooperative principles of large has contributed to the failure of the cooperative marketing societies in Pali district.

The study revealed that the cooperative marketing societies abroad had succeeded because they have followed the cooperative principles to a great extent.

The various factors, which affect agricultural prices are:

\[ \Rightarrow \text{Indebtedness} \]

Each of these six factors have been related to price of wheat and was analysed (1974)\textsuperscript{46}. 7 marketing cooperatives in the region of Ajmear district of Rajasthan was covered. The study clearly analysed the relationship and results were found to be uniform in all the 7 regions. The study suggested that the societies must mobilise the surplus of small and medium class who resort to village sale. They have to step up their activities by enrolling more members.

\textbf{A SUM UP}

A survey of the bulk of available literature / studies on cooperative marketing societies show that most of them focused attention mainly on one or other facts of cooperative marketing societies. Most of the studies are relatively old and of descriptive nature. They may not be relevance to the latest trends and developments. So far no serious attempt is made to study the farmer's actual utilisation and satisfaction with the services of cooperative marketing societies. So much so, studies are also lacking to assess scientifically the

\textsuperscript{46} Kapde, M.V., Agricultural prices and Marketing Cooperatives, Cooperative Perspective, Oct-Dec. 1975, p: 53-59
social, economic, democratic and other impacts of cooperative marketing societies on the members in the Tamil Nadu State. There is a research gap in this pertinent aspect. Such assessment of impacts is bound to throw more light on actual benefits accrued to people. It is therefore to fill up that lacuna, this empirical evidence based study is undertaken.