CHAPTER II
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CO-OPERATIVE MARKETING IN INDIA
A REVIEW

The word marketing has much wider a meaning than it is popularly known to have. It represents not only the sale of produce in the Maundy, but also includes all the stages and processes it has to undergo to reach the consumer marketing process, therefore starts in the field, where commodities to better quality may be produced in order to fetch better price.

NEED FOR CO-OPERATIVE MARKETING

Agricultural produce is mostly sold through the traders. In the markets, we find a number of instances of false weights and measures, undue deductions including those for religious and charitable purpose, large samples taken by whole sale bargaining under cover of cloth through the brokers etc., sometimes traders go to the villages and purchase stocks from the cultivators at unfavorable rates. Apart from this, various methods such as speculation and with holding of stocks are used for creating scarcity and boosting the prices at the time of sale.

Rural credit survey report revealed that "while standards of a marketing have improved in most of the relatively few regulated markets which have been established, a number of malpractice's still exist. It is therefore always advantageous for the growers to organize the marketing of their produce on co-operative basis. The All India Rural Credit Review Committee (1969) also recommended the strengthening of marketing co-operatives because they could be helpful to the Government agencies through which the price support policies of the Government could be executed."

1 R.D Bed, Theory, History and practice of co-operation, New Delhi
CO-OPERATIVE MARKETING

2 The word Co-operative stands for the idea of living together and working together to achieve common goals through united and joint efforts.

The International Labour office defines Co-operative organization as “an means, who have voluntarily joined together to achieve a common economic and through the formation of a democratically controlled business organization, making equitable contribution to the capital required and accepting a fair share of risks and benefits of the undertaking”.

“A Co-operative society is an enterprise formed and disserted by an association of users, applying within itself the rules of democracy and directed intended to serve both its members and the community as a whole”.

HISTORY OF CO-OPERATIVE MARKETING

3 The royal commission of agriculture (1928) stressed the need for group marketing, instead of individual marketing. The central Banking Enquiry Committee (1931) also underlined the need for organized marketing. The X1 conference of Registers of Co-operative societies (1934) emphasized the importance of co-operative marketing.

The 1958, the National Agricultural Co-operative Marketing Federation (NAFED) was established as the apex body of co-operative marketing. In 1963, the National co-operative Development Corporation (NDC) was set up for promoting programmers relating to processing storage and marketing of rural produce through co-operative markets. The All India Rural Credit Review Committee 1969, also recommended the strengthening of co-operative marketing, with a view to helping the government agencies in the execution of price support programmers and thus fulfilling the interests of producer.3

2. R.S.N. Pillai, Mrs. Bagavathi, Marketing
S. Chand & Company Ltd – New Delhi
3. Dr. Varma and Aggrawal, Rural and Agricultural Marketing
OBJECTIVES AND FUNCTIONS

Marketing co-operative are organized by agricultural producers with the object of undertaking all types of marketing on efficient lines and in such a way that the producers secure the best price for their produce and are saved from the exploitation. The main objects are,

1. To market members produce to their best advantage.
2. To provide credit facilities to members on the security of their produce.
3. To arrange for the storage of member's produced.
4. To provide the facility of grading of produce which would result in better prices for goods.
5. To introduced system of pooling so as to require a better bargaining powers and equals gains for members.
6. To export member's produce so as to brings in still better returns for the producer.
7. To act as agents of Government for procurement and implementation of price support policy.
8. To arrange supply of farm inputs as a measure is increase produce and improve its quality.
9. To arrange for the transport of produce etc.,
10. To arrange the supply of essential consumer articles to rural population.

STRUCTURE OF MARKETING CO-OPERATIVES

There are two types in the structure of marketing societies. They are two tiered structures and three tiered structures.

4. R.D. Bedi, "Theory History and practice of Co-operation
5. R.S.N. Pillai, Mrs. Bagavathi, Marketing.
<table>
<thead>
<tr>
<th>Two tire system</th>
<th>Three tier system</th>
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</thead>
<tbody>
<tr>
<td>National Agricultural Co-operative Marketing Federation</td>
<td>National Agricultural Co-Operative Marketing Federation</td>
</tr>
<tr>
<td>State marketing Society</td>
<td>State marketing society.</td>
</tr>
<tr>
<td>Primary marketing society.</td>
<td>Central marketing society primary marketing society.</td>
</tr>
</tbody>
</table>

**GENERAL PROGRESS**

"The Co-operative marketing sector is virtually a post independence development. In 1954, the rural credit survey report had observed; "all the Co-operative marketing societies in India put together still fail to catch one's attention as anything important, lacking in this respect ever that purely numerical impressiveness which on paper credit societies manage to marshal between themselves".

In further reported that out of 75 districts surveyed. Only in 5 produce sold through Co-operatives exceeded 1% of the total sales through all agencies substantial progress has been made by the marketing Co-operatives since than, as is clear from the following.
## STATEMENT SHOWING PROGRESS OF GENERAL PURPOSE PRIMARY MARKETING CO-OPERATIVES (RS. IN CRORES)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>No. of societies</td>
<td>3138</td>
<td>3,222</td>
<td>3,789</td>
<td>2,759</td>
</tr>
<tr>
<td>No. of members</td>
<td>14,68</td>
<td>28,14</td>
<td>25,9</td>
<td>38.3</td>
</tr>
<tr>
<td>(in lakhs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SHARE CAPITAL:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>3.56</td>
<td>18,95</td>
<td>36,00</td>
<td>50.0</td>
</tr>
<tr>
<td>Members</td>
<td>3,92</td>
<td>9,54</td>
<td>20,01</td>
<td>25.8</td>
</tr>
<tr>
<td>Reserve and other</td>
<td>4,20</td>
<td>18,82</td>
<td>730.00</td>
<td>N.A</td>
</tr>
<tr>
<td>funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Agricultural</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Produce marketed</td>
<td>86</td>
<td>270,93</td>
<td>554.0</td>
<td>N.A</td>
</tr>
<tr>
<td>Agricultural</td>
<td>32,03</td>
<td>150,00</td>
<td>424.00</td>
<td>N.A</td>
</tr>
<tr>
<td>requisites supplied.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Progress in case of state marketing federation is as follows:
### STATEMENT SHOWING THE PROGRESS OF APEX MARKETING FEDERATIONS (RS. IN CRORES)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>No of federations</td>
<td>24</td>
<td>28</td>
<td>33</td>
</tr>
<tr>
<td>Members</td>
<td>5.548</td>
<td>8933</td>
<td>12077</td>
</tr>
<tr>
<td>Share Capital:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>0.75</td>
<td>12.52</td>
<td>74.2</td>
</tr>
<tr>
<td>Members</td>
<td>0.43</td>
<td>1.81</td>
<td>7.7</td>
</tr>
<tr>
<td>Reserve and other</td>
<td>1.69</td>
<td>13.10</td>
<td>54.0</td>
</tr>
<tr>
<td>funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>produce marketed</td>
<td>38</td>
<td>140.00</td>
<td>1196.0</td>
</tr>
<tr>
<td>Agricultural</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>requisites sold</td>
<td>6.21</td>
<td>142.08</td>
<td>763.0</td>
</tr>
</tbody>
</table>

Now almost all secondary Maundy centers in the country are covered by primary Co-operative marketing societies. The total number of these societies is 2636, on the general marketing side. In addition there are 3290 special commodity-marketing societies.

All the 25 states and 4 union territories are covered by 92 apex markets federations. Also there are 22 state level special commodity-marketing federations. At the National level we have the National Agricultural Co-operative marketing federation Ltd. At the primary level, large sized multi-purpose societies and at the state level tribal development Co-operative federations.

During 1992-93, the Cooperative marketing structure marketed produce-valuing Rs.6500 cores against Rs. 5900 cores in the previous year.

Seven states namely Maharashtra, M.P., Haryana, Punjab, Karnataka, Tamilnadu and Utter pradesh for 93% of agricultural produce marketed by Cooperatives.

6. R.D.Bedi, "Theory History and practice of Co-operation."
REGULATED MARKET

A regulated market is a wholesale market where dealing or buying and selling are regulated or controlled by the state government through a market committee which consists of representatives of producers, traders, agents, local bodies, co-operative societies and government. It is a market where the activities are to take place under set rules and regulations and the malpractices like incorrect weighment, unnecessary deductions are curbed. A regulated market is one which aims at the elimination of the unhealthy and unscrupulous practices reducing marketing charges and providing facilities to producer seller in the market.

REGULATED MARKET IN INDIA

The first regulated karanjia within market was established as early as in 1886 under the Hyderbad Residency order. The first attempt was the cotton and grains market law enacted in Barer in 1897. It was passed to make “available supplies of pure cotton at reasonable price to the textile mills at Manchester”.

In 1917, The Indian cotton committee was set up. It recommended the regulation of cotton market on the lines of bearer markets. The next act was in 1927 is the Bombay cotton markets Act. This was first law in the country which attempted to regulate markets with a view to evolving fair market practices.

The Royal commission on Agriculture in its report submitted in 1928, recommender the of Regulate markets in India. In 1929-30 the Bombay provincial Banking inquirer committee was appointed to point out the defects in the working of the traditional markets.

In 1935 Government of India established the office of the Agricultural marketing advisor under the ministry of food and Agriculture to look into the problems of the marketing of rural produce.
In 1933, the Madras Commercial Crops Marketing Act was passed and to cotton, groundnuts and tobacco and in 1948 it was extended to other crops Bombay, Madras, Hyderabad, Gwalior and Baroda also passed similar Acts. The total number of regulated markets increased after the passing of these Acts in our Country. In 1939 it was 122, in 1950-51 it was 283, in 1955-56 it was 450, in 1960-61 it was 700 and it was 1012 in 1965-66. At the third five-year okay ut was 1600. In 1974 there were 3016 regulated market in the country. 

**IMPORTANT FEATURES OF REGULATED MARKET**

- Government has decided all the wholesale markets under the control of regulated market the following aspects are to be considered for marketing of the regulated market more useful.
  1. Major crops for all should be declared as notified commodities.
  2. Only open bid or closed tender system should be followed.
  3. Co-operative marketing societies should be given adequate representative on the market committee.
  4. Market fees should be fixed on the basis of the weight of the produce.
  5. Market committees must be given more legal powers to punish the mistakes of traders/members

7. Dr. Varma and agarwal, rural and Agricultural marketing, forward publishing company, New Delhi.
BENEFITS OF REGULATED MARKETS

As we have observed and noted that the regulated markets are helpful in many ways to the farmers, traders, middlemen etc., to avoid, element and reduce to the adverse effects of the defects, which were prevalent in the marketing of rural goods in our country; so also number of benefits are derived from them. Now, let us examine the advantages:

**1. REDUCTION IN VILLAGE SALES**

The establishment of regulated markets has led to the decrease in village sales. The grower-sellers are made aware of the fair practices in the regulated markets. Now, they bring the saleable produce to these markets. The rural goods brought to the markets have risen from 20% to 95%.

**2. CORRECT WEIGHMENT**

There was manipulation in weighting, prior to the establishment of regulated markets. But now, they have introduced correct weights and measures in the markets; weighing is done by licensed weigh men. Hand balances are replaced by beam balances and weight bridges. Metric system of weigh men is adopted. The weights are also standardized now. This assures correct weigh men to the produces and thus, eliminates manipulation in weights.

**3. MARKET NEWS**

The dissemination of market information and news has been regarded as an important service function, to be performed by the market committee. The
prices ruling in various markets are exhibited on the notice board. Now, the prices of the commodities are being announced through broadcasting on all India or regional level.

4. MARKETING FACILITIES

Number of facilities are being provided by the regulated market like drinking water facilities for both men and animals, parking arrangements, storage, cold storage, auction sheds etc. All these amenities are available only in the regulated markets.

5. REDUCTION IN MARKET CHARGES

Payments of commission, weighing charges, brokerage, homily, charity etc., are prescribed by the market committee. Thus all the unauthorized deductions are prohibited. Thus, the producers, share in the actual price has increased. Prior to regulation, these marketing charged varied from market to market, with an average of 3.41% now have come down to 1.79%, resulting a saving of 1.62%.

6. FAIR PRICES

The prices determined in the regulated markets are fair and reasonable to both the producers as well as dealers and not one sided. Thus, the producers are assured of getting higher share in the price. The producer are having kindling of the candle of incentive to grow more and earn more.
7.**MARKETING SERVICES**

Grading of rural goods has been accepted, as one of the important functions of regulated markets. It solves many problems like better prices, continued market etc. "Agmark" standards have been accepted by all. That is why, today we find this mark on packages of many products like, grains, honey, gee, vanaspati etc., which speaks of the quality. It becomes easy to determine the piece.

8. The regulated markets play a vital role in removing, majority of the defects and malpractice and, therefore more and more regulated markets are to be established and operated on proper lines, in those areas where they are present by their absence.

8. Dr. Varma and Aggarwal rural and agricultural marketing forward publishing company New Delhi.
CONCLUSION

The need to have an organized agricultural marketing was largely felt to have an organized marketing system for agricultural commodities. Cooperative marketing was proposed since 1929. Among other things, the cooperative marketing societies are expected to provide the best advantage to the farmers. The cooperative marketing societies made a commendable progress. At the same time, regulated markets are also proposed for the welfare of the farmers. Among other things, a regulated market is expected to provide the best advantage to the producers of agricultural commodities. How far a cooperative marketing society and a regulated market provide the best advantage to the farmers by acting as complements and not as competitors are explained in the subsequent chapters.