SYNOPSIS

CHAPTER 6

CONCLUSIONS AND SUGGESTIONS

This chapter summarizes the study. It gives the conclusions of the study undertaken and based on the study results; it gives suggestions for the improvement of the performance of the twelve Primary Agricultural Marketing Co-operative Societies in Gandevi Taluka.
CHAPTER 6
CONCLUSIONS AND SUGGESTIONS

6.1 Conclusions

Co-operative marketing societies in India constitute one of the important segments of the agricultural societies. They are supposed to play an important role in the marketing system and promote agricultural development in the rural area. They render marketing services to the poor and exploited farmers at reasonable cost. Assembling, grading, storing, financing, sales and transportation are undertaken by these co-operative marketing societies at a lower cost by eliminating the middlemen. Mahalingam (1990) reported that co-operative marketing societies are the most important instrument for linking the small farmers with the mainstream of marketing channel.

Amalsad Agricultural Marketing co-operative society has the maximum number of both male and female members (7220 and 1694 respectively in 1998-99 and 5980 and 1758 in 2007-08) in comparison to other Primary Agricultural Marketing Co-operative Societies followed by Gadat Agricultural Marketing Co-operative Societies (2013 and 1144 in 1998-99 and 1785 and 1104 in 2007-08). In all Primary Agricultural Marketing Co-operative Societies, male members outnumber female members. However, it is surprising to know that members have decreased from 1998-99 to 2007-08 in case of Amalsad, Nandarkha, Manekpur, Kharel, Gandevi and Gadat Agricultural Marketing Co-operative Societies whereas in case of Ambheta there has been no change in the number of members. There has been an increase in the number of members in case of Billimora, Kalamatha, Ajrai, Dhanori and Kesli Agricultural Marketing Co-operative Society. Ajrai Primary Agricultural Co-operative Society recorded the highest increase in membership (74.27%) from 1998-99 to 2007-08 followed by Kalamtha (56.32%) and Dhanori (19.88%). The increase in case of Amalsad and Kesli has been insignificant.
The size of the co-operative societies has been very small. Most of the societies are confined to a few members and their operations extend to a few villages. As a result, their resources remain limited and it makes it impossible for them to expand their means and extend their area of operations.

The membership of Primary Agricultural Marketing Co-operative Societies should be open to all members of the villages without any restrictions. Female membership should be encouraged.

It is also observed that maximum amount of loan has been disbursed to ‘others’ i.e. besides employees and members followed by the members of the co-operative societies.

Amalsad Agricultural Marketing Co-operative Societies has disbursed the maximum amount of loan, `21334029 in 1998-99 and `99689245 in 2007-08 followed by Gadat Agricultural Marketing Co-operative Society which has disbursed the loan of `18589926 in 1998-99 and `34763147 in 2007-08. It has also disbursed the maximum amount of loan to others followed by its members. Whereas Kharel and Manekpur Agricultural Marketing Co-operative Societies have disbursed maximum amount of loan to their members followed by others in the year 1998-99 and 2007-08. It is also observed that Kalamtha, Naderkha and Billimora Agricultural Co-operative Societies have given loan to their members and employees only, in the respective years.

Loans to members and employees should be increased, and their credit requirements should be met. The Co-operatives should be able to provide adequate and timely credit to cover the production as well as essential needs for consumption on the basis of the repaying capacity of the farmers leading to higher productivity.

Sales of Primary Agricultural Marketing Co-operative Societies comprise of sales of chikoos, mango, rice, asbestos sheets and banana. The sales of Amalsad were more than the other Primary Agricultural Marketing Co-
operative Societies. Rice is sold by all Primary Agricultural Marketing Co-operative Societies.

Amalsad Agricultural Marketing Co-operative Society has the highest amount of sales `131650786.57 in 1998-99 and `140113289.41 in 2007-08 followed by the Kharel Agricultural Marketing Co-operative Society which has recorded the sales of `60125541.44 in 1998-99 and `95638591.23 in 2007-08. Efforts should be made to increase sales as it will increase their profitability.

The study was based on secondary data obtained from the Primary Agricultural Marketing Co-operative Societies. The financial performance of the co-operatives was examined using financial ratios to test their profitability, liquidity and solvency. Current ratio, Debt Equity ratio, Net Profit ratio, Gross Profit ratio, return on capital employed and return on assets indicators were used to examined the financial performance of the Primary Agricultural Marketing Co-operative Societies Ratios were analyzed for 10 years from 1998-99 to 2007-08. The descriptive analysis made use of tools such as mean, standard deviation, percentage. Panel Data Regression models were used to develop regression based forecasting models.

The reasons for the difference in profitability among the co-operatives lies on how effectively the co-operative management is generating profit on sales, total assets and managing their investments. The profitability ratios of the co-operative under study shows that the profitability position of the co-operatives was very weak. Application of Information Technology will go a long way in increasing the productivity of the Primary Agricultural Marketing Co-operative Societies. Efforts should be made to increase sales as it will increase the profitability of the Co-operation Societies.

The lowest debt equity ratio was scored by Ambetha Primary Co-operative Society which implies that debt was 2.85 times Equity funds. On the other hand the highest debt ratio scored by Kharel Primary Agricultural Marketing Co-operative Society which implies that debt was almost 5.52 times Equity Fund.
Therefore the major source of finance for the co-operative to serve its members in supply of agricultural inputs and purchase of their farm outputs was from borrowed capital. Having higher proportion of assets financed by the creditors fund may lead the Primary Agricultural Marketing Co-operative to the risk of bankruptcy.

The liquidity analysis showed that the Primary Agricultural Co-operative under study were about the standard ratio except for Dhanori Primary Agricultural Marketing Co-operative Society. The liquidity position of the other eleven Primary Agricultural Marketing Co-operative Societies was sound. Dhanori Primary Agricultural Marketing Co-operative Society requires to increase its net working capital. Looking at the overall financial position, Manekpore Agricultural Co-operative Marketing Society's performance is better than all other Primary Agricultural Marketing Co-operative Society in Gandevi Taluka.

The overall health of the Primary Agricultural Marketing Co-operative Societies is very weak. The institutions are beset with problems like low resource base, high dependence on external sources of funding, excessive Government control and poor business diversification.

The inter-correlation among different variables i.e. sales, profit, deposit and dividend was found. It was revealed that the correlation among variables was significant. Sales and Profit were highly correlated which implied that more sales leads to more profit. Sales and Dividend too were highly correlated implying that more sales led to more dividend.

Simple Regression Models were developed. Regression showed that there was an influence of sales on profit, deposit of profit and there was a negative impact of sales in the lagged period on current year's profit of all Primary Agricultural Marketing Co-operative Societies.
6.2 Suggestions

Based on the study results, the following recommendations are arrived at:

The major source of finance for the co-operatives to serve its members in supply of agricultural inputs and purchase of their farm outputs was from borrowed capital. Having higher proportion of assets financed by the creditors fund may lead the Primary Agricultural Marketing Co-operative to the risk of bankruptcy. Therefore the Board of Directors and staff shall strive to seek a solution to increase the own fund by increasing share capital.

The co-operative societies suffer from inadequacy of trained personnel. They should take appropriate action in hiring professional staff depending on the financial capacity of the co-operative. If the managerial personnel are efficient and professionally competent, the goals of the co-operative organisation would be achieved quickly and at a minimum cost. The state government should provide training facilities to the managerial personnel immediately after their recruitment. The role of the government in developing co-operatives should be re-defined to emphasize a public service role while encouraging a "de-officialization" approach in co-operative development. The Government should re-affirm its faith in the ability of the co-operative to empower the people by acting as a fostering agent of their growth and decreasing its control substantially.

It is also observed that maximum amount of loan has been disbursed to ‘others’ i.e. besides employees and members followed by the members of the co-operative societies. Loans to members and employees should be increased, and their credit requirements should be met. The Co-operatives should be able to provide adequate and timely credit to cover the production as well as essential needs for consumption on the basis of the repaying capacity of the farmers leading to higher productivity. Multi-purpose co-operative combining credit, supply and marketing offer a probability of dealing with these problems in an integrated way.
The co-operative marketing societies should be able to compete effectively with other private sector enterprises. Birgegoard and Genbery (1994) pointed out "Unless the co-operative can meet the competition, they will end up in downturn spirals of decreasing volumes of business, deteriorating profitability of their operations, reduced capacity to pay remunerative and competitive prices, continued flight of members and still further decline in volumes of business." There should be a democratic internal work culture and environment which will be congenial to the growth and development of co-operative as business enterprises. The co-operative need to be democratically governed by Boards of Directors elected by their members, liberated from unnecessary government controls and managed professionally.

The profitability ratios of the co-operatives under study shows that the profitability position of the co-operatives was very weak. Application of Information Technology will go a long way in increasing the productivity of the Primary Agricultural Marketing Co-operative Societies. Efforts should be made to increase sales as it will increase the profitability of the Co-operation Societies.

The co-operative should make use of human resources in such a way that they give their best to the organization. The employees should be treated as valuable assets with adequate training to fulfill the objectives of the co-operative society and co-operatives should focus on employee satisfaction. Lack of education and low level of member economic participation are the common maladies which most of the co-operative are confronted with. Only education can confront these obstacles and create an enlightened membership which is so vital to the co-operative development.

The size of the co-operative societies has been very small. Most of the societies are confined to a few members and their operations extend to a few villages. As a result, their resources remain limited and it makes it impossible for them to expand their means and extend their area of operations. The membership of
Primary Agriculture Marketing Co-operative Society should be open to all members of the villages without any restriction. Female memberships should also be encouraged.

The co-operative society should provide technical support in areas of marketing and supply. The co-operative society should enhance economic returns to members through value additions. The co-operative society should offer a high level of market information enabling better business decisions. Application of Information Technology in co-operative society would help them to cope up with the additional work load. This would go a long way in improving the productivity of the Primary Agricultural Marketing Co-operative Societies.

Primary Agriculture Marketing Co-operative Society could be used as Business correspondents. The society could provide valuable services to their members if they get access to a commercial bank. This Primary Agricultural Co-operative Society could originate credit proposals, disburse loans, collect repayments and even collect savings on behalf of the commercial banks. They could also act as payment channels.

Priority should be given to membership support, capital accumulation, adequate training and education and organisation and management of marketing co-operative. Thus Co-operative can be thus viable agents of socio-economic change by utilizing the resources of the people and channelising their energies in a most productive manner.