SYNOPSIS
CHAPTER 1
INTRODUCTION

This chapter introduces the meaning and definition of Co-operatives, the history of co-operative movement in the world as well as India, and advantages of the co-operative systems. It explains the co-operative structure in India, the importance and need of co-operative marketing, objectives of agricultural marketing co-operatives, share of co-operatives in the National Economy, structure of Agricultural Marketing Co-operative Societies in Gujarat State and the functions of Primary Marketing Co-operative Society.
CHAPTER 1
INTRODUCTION

Agriculture is the livelihood of our national economy. The livelihood and economic well being of the majority of our people depend on agriculture. The key to the prosperity of the entire nation depend critically on transforming and rejuvenating agriculture. It is said that India lives in two different worlds separated by centuries. The reality of a globalized, industrialized India is as true as the reality of the bullock cart and the illiterate farmer. We are today both a developed and a developing nation at the same time. Extremely advanced forms of a bygone era, especially in the field of information and technology, bridging this gap is the ultimate challenge of the 21st century. The importance of agriculture has many dimensions to it. Not only it is a major segment of our economy, contributing a quarter of our GDP, but is also the provider of gainful employment and income to a large number of people. It acts as the only social safety net in rural areas, particularly for those who have no other employable skills. Agriculture is not just a business in India; for millions of Indians it still remains a way of life.

1.1 Meaning and Definition of Co-operatives

Formation of social groups is the outcome of reflexive co-operation. The practice of instinctive co-operation has contributed to the development of human race more than any other factor. Right from the hunting age up to the present day, the progress and development of human beings, in all spheres, social, economic, religious and political is marked by a sense of thinking, working and living together. According to biologists, co-operation has acted more powerfully towards the development of man than the competitive struggle for existence. Co-operative movement is not aimed at reforms of merely the economic organization, it has a wider basis, indeed, it has socio-political and even ethical bearings.
A co-operative is generally viewed as a socio-economic organization that can fulfill both social and economic objectives of its members and has welfare of its members at its heart. Mill (1876) has very rightly observed that co-operation transforms human life from a conflict of class struggle for opposite interest to a fair rivalry in the pursuit of common good of all. Charles Guide considers co-operation as an economic system to supersede capitalism by mutual aid. Robert Owen, the father of co-operative movement was fully convinced that no amount of external assistance could improve the lot of the workers except their co-operatives, which are owned, controlled and managed by their members. The co-operatives provide opportunities for capacity building for its members and service to the society; it is especially beneficial to poor farmers and weaker sections of the society.

Dr. C.R. Fay defined co-operatives from socio-economic point of view. According to him “Co-operative is an association for the purpose of joint trading among the weak and conducted always in an un-selfish spirit on such terms that all who are prepared to assume the duties of membership may share in its rewards, in proportion to the degree in which they make use of their association”.

Talmaki has defined a co-operative society as “an association of the weak who together form a common economic need and try to live themselves and others out of weakness into strength, through business organization, conducted for the common benefit of all who join it”.

On the basis of the review of some definitions of co-operatives, B.L.Mathur (2000) mentioned the following chief characteristics of the co-operative enterprises:

a. An association of persons.

b. A business enterprise.

c. A voluntary enterprise.
d. A democratic enterprise.

e. The motto is to serve rather than to earn.

f. Key-note of co-operation is mutual help.

g. The basis is equality and equity.

h. Aims at socio-economic change.

i. Service to community.

The International Co-operative Alliance formulated the following seven principles of Co-operation:

a. Voluntary and open membership.

b. Democratic member control.

c. Member economic participation.

d. Autonomy and independence.

e. Education, training and information.

f. Co-operation among co-operatives.

g. Concern for community.

1.2 Advantages of the Co-operative System

Over the years, co-operative institutions have played an important role in providing institutional credit to the agricultural and rural sectors across India. Co-operatives support efforts at the grass root level to mobilize resources with the aim of achieving better working results and improvements for their members.

The advantage of functioning under a co-operative is that it is neither a public nor a profit seeking organization. It’s principal objective is to eliminate economic exploitation as it is controlled by members only.

It provides its members control over all the operations of the organization as it promotes a high degree of participatory involvement, making co-operatives
more responsive to market and member requirements. They also generate a
sense of responsibility amongst members towards the maintenance of the
organization; promotes cost efficiency and keep overheads to a minimum.

A co-operative is a small community by itself and hence can undertake several
social activities such as organizing special programmes, arranging health
services, improving the ecology of its area, etc. Even loans can be arranged by
the co-operatives for their members, for which the members have a collective
responsibility for its repayment.

1.3 History of the Co-operative Movement
The co-operative movement began in Europe in the 19th century, primarily in
Britain and France, although The Shore Porters Society claims to be one of the
world’s first co-operatives, being established in Aberdeen in 1498 (although it
has since demutualized to become a private partnership).

The first consumer co-operative was founded on March 14, 1761, in a barely-
furnished cottage in Fenwick, East Ayrshire, when local weavers began selling
oatmeal at a discount, forming the Fenwick Weavers’ Society.

In the decades that followed, several co-operatives or co-operative societies
were formed. By 1830, there were several hundred co-operatives. Most co-
operatives were founded in the early 19th century by 1840. However, Lockhart
Lane Industrial Co-operative Society (founded in 1832 and now Heart of
England Co-operative Society), and Galashiels and Hawick Co-operative
Societies (1839 or earlier, now Lothian, Borders & Angus Co-operative
Society) still trade today.

Robert Owen (1771-1858) is considered as the father of the co-operative
movement. A Welshman who made his fortune in the cotton trade, Owen
believed in putting his workers in a good environment with access to education
for themselves and their children. These ideas were affected successfully in the
cotton mills of New Lanark, Scotland. It was here that the first co-operative
store was opened. Spurred on by the success, he had the idea of forming “villages of co-operation” where workers would drag themselves out of poverty by growing their own food, making their own clothes and ultimately becoming self-governing. He tried to form such communities in Orbiston in Scotland and in New Harmony, Indiana in the United States of America, but both communities failed.

Dr William King (1786-1865) took Owen’s ideas and made them more workable and practical. King believed in starting small, and realized that the working classes would need to set up co-operatives for themselves, so he saw his role as one of an Instructor. He founded a monthly periodical called 'The Co-operator', the first edition of which appeared on May 1, 1828. This gave a mixture of co-operative philosophy and practical advice about running a shop using co-operative principles. King advised people not to cut themselves off from society, but rather to form a society within a society.

The Rochdale Society of Equitable Pioneers formed in 1844 was a group of 28 weavers and other artisans in Rochdale, England. Industrial Revolution was forcing more and more skilled workers into poverty, these trade men decided to band together to open their own store, selling food items they could not otherwise afford. They designed the now famous Rochdale Principles, and over a period of four months they struggled to pool together one pound sterling per person for a total of 28 pounds of capital. On December 21, 1844, they opened their store with a very meager selection of butter, sugar, flour, oatmeal and a few candles. Within three months, they expanded their selection to include tea and tobacco, and they were soon known for providing high quality, unadulterated goods.

The English Co-operative Wholesale Society [CWS] and Co-operative Group were formed gradually from the merger of many independent retail societies, and wholesale societies and federations. In 1863, twenty years after the Rochdale. Pioneers opened their co-operative, the North of England Co-
operative Society was launched by 300 individual co-operatives across Yorkshire and Lancashire. By 1872, it was known as the Co-operative Wholesale Society (CWS). Through the 20th century, smaller societies merged with CWS, such as the Scottish Co-operative Wholesale Society (1973) and the South Suburban Co-operative Society (1984).

1.4 Co-operative Movement in India
India is basically an agrarian economy with 72% of its total population residing in rural areas. The needs of rural people are met by village co-operative societies. The seeds of co-operation in India were sown in 1904 when the first Co-operative Societies’ Act, was passed. Since then, the co-operative movement has made significant progress. Co-operatives have extended across the entire country and there are currently an estimated 230 million members nationwide. The co-operative credit system of India is the largest network in the world and co-operatives have advanced more credit to Indian agricultural sector than commercial banks.

In India, the colonial rulers formally introduced the concept of co-operative through the Societies Act 1904, on the recommendation of Frederick Nicholson Committee. This Act allowed the formation of only credit co-operative societies.

Prior to the Act, some experiments in co-operation were taken up on local initiative in India. In 1850, some employees, feeling a need for money decided to start loan associations where every member contributed a fixed amount every month. The amount so collected was utilized to grant loan to members. Persons with fixed income borrowed money in time of need at a reasonable rate of interest. Loan associations were called Nidhis. In 1901, there were 200 such Nidhis, with a membership of 36,000 and working capital of INR 2,00,00,000. Another attempt was made in village Panjawar of the Hoshiarpur district in Punjab. The villagers formed a society for managing and improving common land and making ordinary advances. This society carried on till 1920.
The Co-operative Societies’ Act, 1904 was however not able to meet the growing needs of the society and so, another revised Act was passed in 1912. In this act, the non-credit societies were facilitated and provision for distribution of profit was also made to protect the interest of the investors. After seeing the importance and significance of the sector, this subject was transferred to the Province in the year 1919. This Act gave the option to the provinces for retaining or modifying the existing Act, 1912 to the Provincial Governments. Bombay was the first province in enacting its own Co-operative Societies Act, 1925, followed by Madras in 1932, Bihar and Orissa in 1935 and West Bengal in 1941. However, in order to regulate co-operative societies and extend their area of operation beyond one province, the Government of India enacted a Multi Co-operative Societies’ Act, 1942 which was later replaced by Multi States Co-operative Societies’ Act, 1984.

Keeping in view the importance of this sector in national development, the government of India replaced the Multi State Co-operative Society's Act, 1984 with the Model Co-operative Society, Act, 2000, which came in force with effect from August 19, 2002.

The village co-operative societies provide inputs for the agricultural sector, consumer societies meet their consumption requirements at concessional rates; marketing societies help the farmer to get remunerative prices and co-operative units help in value additions to the raw products etc. In addition, co-operative societies help in building up of storage go-downs including cold storages, rural roads and in providing facilities like irrigation, electricity, transport and health. Various activities for development in agriculture, small industry, marketing and processing, distribution and supplies are now carried on through co-operatives. In fertilizer production and distribution, the Indian Farmers Fertilizer Co-operative (IFFCO) commands over 35 percent of the market. In the production of sugar, the co-operative share of the market is over 58 percent and in the marketing and distribution of cotton, they have a share of around 60
percent. The co-operative sector accounts for 55 percent of the looms in the hand-weaving sector. Co-operatives process and distribute 50 percent of edible oils. With the dairy co-operatives operating under the leadership of the National Dairy Development Board and 15 State Cooperative Milk Marketing Federations, India has now become the largest producer of milk in the world.

With the passage of the Insurance Act, co-operatives have been allowed to enter into the insurance business. Insurance is a field where the immense potential of co-operatives still remains untapped. The Indian Farmer Fertilizer Co-operative has recently teamed up with a Japanese company and formed a joint venture for undertaking general insurance business in India. This signifies that Indian co-operatives have come of an age in formulating strategic alliances.

In fact co-operative societies in India are playing multi-functional roles both in rural and urban areas. An Expert Group constituted by the Govt. of India in 1990, recommended i) to facilitate building up of integrated co-operative structure; ii) to make the co-operative organizations responsive towards their members; iii) to minimize government interference and control in the functioning of co-operatives and iv) to eliminate politicization from the co-operative sector. Based on the recommendations, the Central Govt. enacted the Multi State Co-operative Societies’ Act, 2002 which provided for democratic and autonomous working of the co-operatives, which came into force with effect from August 19, 2002. The co-operatives in India have made an all-round progress and their role in, and contribution to agricultural progress has particularly been significant.

### 1.5 Major Co-operatives in India

The co-operative movement in India is amongst the largest in the world, with strong links across the country's vast geographical expanses and varied cultural traditions. The Co-operative sector plays a crucial role in agro-processing,
fertilizer and cash crop production in the country. In fact, operations of dairy co-operatives have propelled India to attain the top position in milk production in the world. Additionally, edible oil marketed through co-operatives and handloom co-operatives are being recognized around the world now, for their efficiency and social empowerment. Few examples are narrated below:

(a) Andhra Pradesh State Handloom Weavers Co-operative Society Limited operates under AP State Co-operative Marketing Federation.
(b) Anand Milk Union Limited (AMUL).
(c) Gujarat State Fertilizers Co-operative Limited (GSFC).
(d) Haryana State Co-operative Supply and Federation Limited (HAFED).
(e) Indian Farmers Fertilizers Co-operative Limited (IFFCO).
(f) Kerala Co-operative Milk Marketing Federation Limited (MILMA).
(g) Kerala State Co-operative Coir Marketing Federation Limited (COIRFED).
(h) Krishak Bharati Co-operative Limited (KRIBHCO).
(i) Madhya Pradesh State Co-operative Marketing Federation Limited (MPMARKFED).
(j) Maharashtra State Co-operative Sugar Factories Federation Limited. operates under National Agricultural Co-operative Marketing Federation of India (NAFED).
(k) Orissa State Co-Operative Milk Producers Federation.
(l) Punjab State Co-operative Milk Producers Federation Limited (MILKFED).
(m) Tamil Nadu Handloom Weavers Co-operative Society.

1.6 Co-operative structure in India

The National Co-operative Union of India (NCUI), established in 1929, is the apex organization of the Indian Co-operative Movement. Its primary objective is to promote and develop the movement, by educating, guiding and assisting inter-co-operative relations and co-ordination to enable the functioning of the sector as a whole.
The consumer co-operative structure in the country has four tiers. The National Co-operative Consumers Federation of India Ltd. (NCCF) at the national level oversees State Co-operative Consumers Organizations affiliated to it. At the Wholesale level, there are Consumer Co-operative Stores which further source the Primary level stores. In the villages, Primary Agricultural Credit Societies and Marketing Societies undertake the distribution of consumer goods along with their normal business. While in urban and semi-urban areas, consumer co-operative societies operate retail outlets to meet the requirements of the consumers.

The main objective of the NCCF is to provide supply support to consumer cooperatives and other distributing agencies for distribution of consumer goods at reasonable and affordable rates; besides rendering technical guidance and assistance for strengthening consumer co-operative societies engaged in retail activities. It further has 24 branches/sub-branches located in various parts of the country. The Federation takes active participation in promoting the following sectors:

a. Agri-Inputs and Infrastructure  
b. Coal  
c. Grocery  
d. General Merchandise  
e. Textiles  
f. Import/Export  
g. Real Estate/Civil Construction

1.7 Importance and Need of Co-operative Marketing

Royal commission on Agriculture in India (1928) mentioned that marketing of agricultural produce on a collective or co-operative basis is always more effective than individual marketing, especially, in the conditions prevailing in India where the individual producer is such a small unit. Similarly, the United Nations has stated that co-operative marketing associations are probably next in
importance for rural prosperity to those providing and administering credit (United Nations, 1954).

There are number of reasons which justify the establishment of co-operative marketing structure. Some of them are discussed here.

(a) The malpractices existing in marketing system can be removed to a great extent through the introduction of co-operative marketing structure.

(b) There exist a large number of middlemen who take part in collection, storage, financing, grading, sale and transportation of agricultural produce. Their charges are out of proportion and producers do not get their due share of the price paid by the consumers. Co-operative marketing, if efficiently organized, can help in reducing the price-spread between the producer and the consumers.

(c) Co-operative marketing is an essential prerequisite for large scale expansion of co-operative credit. Co-operative marketing societies are expected to ensure a better return to farmers of their produce; with the assistance of loans from co-operative sources.

(d) The marketing system integrated in a co-operative manner would perform functions of assembling, grading, processing, storage and transportation, insurance financing, etc.

(e) Co-operative marketing of agriculture produce is necessary not only for the attainment of maximum efficiency but also for improving the economic conditions of the producers by strengthening his bargaining power.

(f) Co-operative marketing would educate the cultivator in the production, preparation for market of his produce, provide sufficient volume of produce to make efficient grading possible and bring the Indian producer into direct contact with export market and with large consumers in India.
1.8 Objectives of Agricultural Marketing Co-operatives

The objectives of Agricultural Marketing Co-operatives are:

a. To make arrangement for storage and marketing of agricultural produce, primarily of their members;

b. To supply seed, manure, agricultural implements, other agricultural inputs, animal feed and cater other requirement of the members;

c. To arrange grading and processing of agricultural produce, primarily of their members and the purchase or hire and install suitable machinery for this purpose;

d. To hire or own go down and cold storages and to establish and undertake running of warehouses for the storage of products;

e. To act as agent of the government for the procurement of agricultural produce;

f. To accept deposits and to borrow funds from the Co-operative Central Banks to which it is affiliated or the State Bank of India or any other bank approved by the registrar;

g. To grant advance to members on the security of their produce;

h. To undertake measures to spread knowledge of co-operative principles and practices;

i. To disseminate among their members knowledge of the latest improvement in agriculture and to provide news service to members about the market rates and allied matters;

j. To undertake the activities regarding social welfare as well as health care for their members;

k. To undertake such other activities as are conducive to the attainment of the above objects.
1.9 Role of Co-operative Marketing

It has been recognized that co-operative form of organizations can play a significant and predominating role in improving the system of agricultural marketing. Co-operative marketing plays a significant role in the following areas.

1. **Optimization in resource use and output management.**

An efficient co-operative marketing system can contribute to an increase in the marketable surplus by reducing losses arising out of inefficient processing, storage and transportation.

2. **Increase in farm income.**

An efficient co-operative marketing system guarantees the farmer better price for farm products and induces them to invest their surplus in the purchase of modern inputs so that productivity and production may increase.

3. **Widening the markets.**

An organized and well-knit co-operative marketing system widens the market for the products by taking them to remotest corners of the country i.e. to areas far away from the production points.

4. **Growth of agro-based industries.**

The improved and efficient system of agricultural marketing helps in the growth of agro-based industries and stimulates the overall development process of economy.

5. **Employment.**

A well integrated co-operative marketing system provides employment to millions of persons engaged in various activities, such as packaging, transportation and processing.

These co-operatives can render efficient and useful coordination between producer and consumer which will counteract the exploitation tendencies of the greedy traders.

Co-operatives have to play an important role in the economy of the country to ensure fair treatment to the farmers in the market. A large majority of small and marginal farmers meet unfair treatment in the market while procuring inputs
and marketing their produce. The market is uncertain and several times the farmers are not able to meet even the variable cost of production. Majority of the farmers who are small and marginal are unable to bear such losses and government does not have a contingency plan to help them. Even if it provides some help, it does not reach the affected farmers. Hence the only way out is that farmers get organized and form co-operatives to solve their marketing problems.

1.10 Agricultural Marketing Co-operative Societies in India

The first marketing co-operative society was organized at Hubli in the old Bombay State in 1915. At present, the country has got a strong Co-operative Marketing network which comprises of two national level co-operative marketing federation, 29 state co-operative marketing federations, 461 District/Central Marketing Societies and 8,886 (this include 3,216 General Purpose Primary Marketing Societies plus 5,585 Special Commodity Primary Marketing Societies plus other co-operative societies) Primary Marketing Societies having a membership of 48.8 lacs. National Co-operative Union of India reported that 4,954 agricultural marketing co-operatives societies were in profit and 3,932 agricultural marketing co-operatives societies were running in loss in the year 2011-12.

Table: 1
Share of Co-operatives in National Economy

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Sector</th>
<th>Contribution of co-operative Sector (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rural network ( villages covered)</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Agricultural credit disbursed</td>
<td>67</td>
</tr>
<tr>
<td>3</td>
<td>Nitrogen produced</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>Phosphorous produced</td>
<td>23.5</td>
</tr>
<tr>
<td>5</td>
<td>Fertilizer Disbursed</td>
<td>46.31</td>
</tr>
<tr>
<td>6</td>
<td>Sugar production</td>
<td>55</td>
</tr>
</tbody>
</table>
Almost all villages in India are covered under the co-operative fold coverage including 67 percent of the rural households. These co-operatives account for nearly 67 percent of the total agricultural credit, 55 percent of total sugar produced and 22 percent of total cotton yarn/fabric production. The two fertilizers co-operatives manufacture about 21 percent of the total fertilizer produced in the country and co-operatives disburse about 37 percent of the total fertilizer. The co-operative sector handles about 67 percent of the total quantity of cotton procured, 28 percent wheat, 21 percent jute and 10 percent of the total milk procurement to total marketable surplus. Besides, nearly half of the branded oil is marketed by co-operatives. About 62 percent storage facility is provided by the primary agricultural credit co-operatives at village level. The self-employment generated by co-operatives is about 12.5 million persons in the country. (Co-operative html internet 2001)

### 1.11 Agricultural Marketing Co-operative Societies in Gujarat

The co-operative sector in Gujarat has emerged as one of the largest in India with 58,459 societies of various sectors. South Gujarat is the mother land of co-operative sectors with 271 societies in agricultural sector, 17 societies in sugar sector and 2,278 societies in dairy sector:

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Sector</th>
<th>Contribution of co-operative Sector (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Edible oil Marketed</td>
<td>51</td>
</tr>
<tr>
<td>8</td>
<td>Handloom Co-operatives</td>
<td>55</td>
</tr>
<tr>
<td>9</td>
<td>Cotton yarn/ fabric production</td>
<td>22</td>
</tr>
<tr>
<td>10</td>
<td>Cotton marketed/procurement</td>
<td>67.5</td>
</tr>
<tr>
<td>11</td>
<td>Jute Procurement</td>
<td>21.5</td>
</tr>
<tr>
<td>12</td>
<td>Milk procurement to total marketable surplus</td>
<td>10</td>
</tr>
<tr>
<td>13</td>
<td>Wheat procurement</td>
<td>27.8</td>
</tr>
<tr>
<td>14</td>
<td>Self Employment Generated</td>
<td>12.5 million</td>
</tr>
</tbody>
</table>

(Source: National Co-operative Union of India 2010)
Gandevi Taluka is predominantly the area of co-operative movement since independence. Freedom fighters of this taluka thought of a co-operative structure to save the farmers from the private traders and money lenders. In 1948, Gandevi Taluka Khedut Sahakari Sangh Ltd was established as a co-operative federal body at taluka level. Likewise, 12 primary village level agriculture marketing co-operative societies were also organized at different villages. The main aim is to provide, among other things, all agricultural inputs and other items at reasonable rate with good quality and to collect farm produce of their members on a pooling basis and give maximum possible price for their produce.

1.12 Structure of Agricultural Marketing Co-operative Societies in Gujarat State

Gujarat State Co-operative Marketing Federation Ltd.
(GUJ COMASOL), Ahmedabad

District Level Sales and Purchase Union
(Federal Body)

Taluka Level Sales and Purchase Union [Federal Body]

Primary Village Level Agricultural Marketing Co-operative Societies
1.12.1 Gujarat State Co-operative Marketing Federation Ltd.

Gujarat State Co-operative Marketing Federation Ltd. [GUJCOMASOL] undertakes many types of activities and most of them are related with agriculture. GUJCOMASOL is engaged in distribution of all kinds of fertilizers through its three-tier channel to farmers throughout Gujarat. For its excellent performance it has been declared as the best Co-operative Federation in the country and National Productivity Council has also awarded GUJCOMASOL with the 1st prize award several times. GUJCOMASOL is the main distributor of IFFCO, KRIBHCO, GNFC, GSFC, HINDALCO, IPL, RCF, DIPAK Fertilizer, Aries Agro and Liberty Phosphate.

GUJCOMASOL has also opened more than 100 depots in remote tribal areas where co-operatives are weak. GUJCOMASOL contributes about 55 to 60% of total consumption of fertilizers in Gujarat.

The mission of this Federation is as under:

a. The Federation procures, processes and sells the agricultural products which are produced by farmers. It has a mission to give reasonable rate to the farmers for their agricultural produce.

b. The second mission of the Federation is to provide agriculture inputs like fertilizers, seeds, pesticides etc. to the farmers through co-operative channel.

1.12.2 District Level Sales and Purchase Union

This Union functions at a district level as a Federal Co-operative Body. GUJCOMASOL works in liaison with all district level sales and purchase unions. All district level sales and purchase unions purchase their commodities from the GUJCOMASOL and then supply them to the taluka level sales and purchase unions.
1.12.3 Taluka Level Sales and Purchase Union
Taluka level Sales and Purchase Unions are established at taluka level which also function as a Cooperative Federal Body. They generally submit their indent to the District Level Sales and Purchase Union and then supply commodities to respective Primary Agricultural Marketing Cooperative Societies.

1.12.4 Primary Village Level Agricultural Marketing Co-operative Societies
Primary Village Level Agricultural Marketing Co-operative Societies are established at the village level and provide all necessary items, including all agricultural inputs of standard quality, to their members at reasonable rate. They generally submit their indent to Taluka Level Sales and Purchase Union and get almost all the commodities from Taluka Union. All village level primary agricultural marketing cooperative societies function on the principle of “No profit, No loss”. Profit is distributed among their members after deducting the administrative expenses.

1.12.5 Functions of Primary Agricultural Marketing Co-operative Societies
A primary agricultural marketing co-operative society is expected to perform the following functions:

(a) Arrange for the sale of agricultural produce of the members and for this purpose prepare the produce for markets by sorting, grading and packing; and transport the produce from member's residence, farms or go-downs to the market.

(b) Encourage members to grow improved and standardized varieties of produce.

(c) Accept deposits and borrow from the co-operative central banks to which it is affiliated.
(d) Rent or own godowns, processing yards and cold storage to facilitate storage, processing and sale of goods.

(e) Process raw material belonging to the members or purchased by the society.

(f) Procure and supply fertilizers, manures, seeds, implements and other inputs.

(g) Fulfill essential domestic requirements of its members.

(h) Act as an agent of the government for the procurement of agricultural produce and supply of requisites of agricultural production.

(i) Encourage thrift, self-help and cooperation among its members.

(j) Work in collaboration with the central co-operative bank and rural co-operative credit societies so as to link up supply.

(k) Act as warehousemen under the warehousing Act.

(l) Undertake all activities to further the objects of the society.