CHAPTER V

PROBLEMS OF COOPERATIVE MARKETING IN KASHMIR

The foregoing chapters bring to light an important thesis that cooperative system has failed to give boost to the cooperative marketing in general and apple marketing in particular. A cursory study of the cooperative system in Jammu & Kashmir State indicates that it possess all essential characteristics of an efficient system. But the system has failed to contribute in terms of growth and productivity in the field of marketing on account of the problems faced by cooperative system in the State. It is depressing to note that situation is more alarming in the apple marketing as the cooperative system has to operate in such a system of apple marketing that has many problems of its own. Therefore, it will be interesting to discuss the problems under two major categories viz:

(A) Problems of Cooperative Marketing;

(B) Problems of Apple Marketing.

(A) PROBLEMS OF COOPERATIVE MARKETING

The study of marketing problems under cooperative system is a complex in nature as the concept of cooperative
marketing widely differs. Generally, speaking cooperative marketing comprises of the operations involved in the flow of agriculture produce from the grower to the final consumer. This includes series of activities like the handling of produce at the farm, initial processing, grading and packing in order to maintain quality production with minimum wastage.

Keeping in view the broader concept of cooperative marketing, the following are the main obstacles for the failure of cooperative marketing in State of Jammu and Kashmir.

1. **Centralised Management:**

   This is unfortunate to note that the powers of the societies are centralised with managing committees which manage the affairs of the society for their own interests and therefore, the ordinary members do not enjoy the benefits of cooperative system. The managing committee mostly comprises of medium growers where the small growers fail to pleade even the genuine problems faced by them in disposing off their produce. Consequently the cooperative system does not satisfy the basic objective to stop the exploitation of the small growers by the large growers.
for which the cooperative system was formulated. The defects in the working of managing committee are not brought to light as they shun away the auditors and avoid meeting the officials concerned.

2. **Poor Management:**

Cooperative system in the State of Jammu and Kashmir has failed to achieve its objectives because of its poor management. The executors fail to execute the plans formulated by the managing committee for the development of cooperatives in the State of Jammu and Kashmir because such plans are not based on appropriate planning premises. It has also been observed that most of the executors of these plans are not well versed with the latest controlling devices which are essential for the proper implementation of the plans.

3. **Lack of Coordination:**

The present cooperative system suffers from proper coordination among various levels of the cooperative organisation leaving most of the cooperative programmes ineffective. There is a wide gap between apex body and cooperative societies at district and block levels. It was observed by the scholar that in some cases the decisions
taken by higher management of the apex body are communicated to the cooperative societies at a time when they had lost their market opportunity. At the same time the societies do not submit their necessary business reports to the apex body with the result the problems in the functioning of the cooperatives multiply year after year making the system disfunctional.

4. **Lack of Proper Selection and Training:**

The personnel working in cooperative societies find themselves in dole drums as they are not clear about their roles. Even in some cases the persons appointed are not in no way fit to the specifications of the job. However, their selection is made on the basis of understanding which they have with the members of managing committee. This defective method of selecting persons for cooperative work, have been responsible for the unsatisfactory growth of the movement. The situation is more aggravated with the non-availability of appropriate training. All this ill-equipped, ill-qualified and ill-experienced staff bars the very spirit of cooperative philosophy in Jammu and Kashmir State.

5. **Lack of Centralised Sales Authority:**

Centralised sales authority is crucial and should,
therefore, be specified in detail. It has been observed during the investigation conducted by the scholar that the contract which binds the members with its society does not cover many essential details on which a large part of the member's income may depend. The cooperative's sales authority should have a comprehensive deed covering price policy, processing, by-products, methods of policy sales, methods, of handling produce between the growers and the cooperative, grades or other standard; methods of allocating expenses, methods of calculating capital contribution and income distribution; and the relationship between sales and financing procedures. The present contract deed does not even cover one third of the details mentioned above. All this has made handicap cooperatives in the normal operation of their business.

6. **Absence of Information System:**

The cooperative societies in Kashmir are not capitalising the market opportunities due to non-availability of information system. There exists a wide gap between markets and the societies and, therefore the societies do not possess the knowledge about the current market trends consequently, the societies fail to realise fully the benefits of cooperative marketing.
7. **Non-viability of Primary Marketing Societies:**

It is unfortunate to note that the primary apple marketing cooperative societies are non-viable in Kashmir. The reasons are identified by the scholar for the non-viability of the societies in Kashmir division were:

- Low membership
- Poor location of the societies
- Inefficient to mobilise resources.

8. **Limited Area Coverage:**

The apple cooperative marketing societies are mainly concentrated in Baramulla and Kupwara districts of Kashmir. It is depressing to note that many other districts have not been brought under the programme of cooperatives despite of their rich potential of apple growing.

9. **Absence of Cooperative Warehousing:**

The warehousing is essential for the success of cooperative society as it enables the society to control the movement of all of the supplies of its members. As per the investigation carried out by the scholar, the apple marketing cooperative societies in Kashmir do not have the facility of warehousing both in terms of capacity
as well as quality. This has made the societies almost sick.

10. **Supply of Horticulture Inputs:**

The scholar observed during the investigation that cooperative marketing societies have failed to supply essential horticulture inputs like, insecticides pesticides and equipments, to its members.

11. **Poor Financial Position:**

The major reasons for the failure of marketing cooperative societies in the Kashmir is the financial weakness on the part of the societies. No society is financially so sound as to meet the requirements of its all members.

12. **Vested Interests:**

It has been strongly observed during investigations that weaker sections do not take advantages of the facilities being offered by cooperatives in the State of Jammu and Kashmir. This is because the weaker sections do not get easy entry into cooperatives on account of vested interests of the top office bearers. This malpractice hampers the growth and prosperity of the cooperative system in the State.
13. **Defective System of Lending:**

At present cooperative societies provide short-term loans to the growers. The quantum of the loan is not sufficient to meet the requirements of the growers. At the same time the official procedure for obtaining the loan is so complicated and lengthy that growers are often discouraged to make use of this benefit and fell prey into the hands of commission agents or money lenders.

(B) **PROBLEMS OF APPLE MARKETING**

The problems of apple marketing, in fact starts from the problems of production as the production problems have direct bearing on the marketing of apple produce. Modern and scientific method of marketing is difficult unless it is accompanied by quality production. Therefore, it will be interesting to discuss the problems of apple marketing into two major headings:

a. Problems in Production Pattern; and

b. Problems in Marketing System.

a. **Problems in Production Pattern:**

The problems of apple industry in production techniques are:
i. Layout;

ii. Diseases and pests;

iii. Traditional technology;

iv. Lesser use of chemical fertilisers;

v. Prunning; and

vi. Irrigation.

i) **Layout**: Maximum productivity from orchard is the result of good orchard layout. Orchard layout ideally involves the allocation of space and the arrangement of trees within the orchard in such a way so as to achieve the greatest possible output of high quality fruit with the lowest possible effort. So for layout of orchards is concerned, it is observed that 73.60 per cent properly laid out and remaining 26.40 per cent are irregular. Hence, maximum productivity from irregular portion of orchard is not possible.

ii) **Diseases and Pests**: The main problem of apple industry is that its maximum portion of production is affected by scab disease. The scab is one of the most severe diseases which has a bad impact on apple production. Before 1973, it was only limited to certain varieties of apple, viz; Ameri, Dooda Ameri, Trayal including Junga Trayal. But during last few years it has been observed that scab
disease has extended its area to certain other varieties of apple which includes Red delicious Hazratbali, Sharanpuri, Maharaji and American. As such scab disease has influenced almost full fruit production of the State which is evident from the table given below:

### TABLE 5.1

**DEGREE OF PESTS AND DISEASE**

<table>
<thead>
<tr>
<th>Degree of attack</th>
<th>Percentage of fruit orchard</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Severe attack</td>
<td>10.52</td>
</tr>
<tr>
<td>2. Moderate attack</td>
<td>31.58</td>
</tr>
<tr>
<td>3. Low attack</td>
<td>57.90</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>


From the table, it is evident that full fruit production i.e., 100 per cent in the State is deeply or minutely damaged by pests and diseases. This reduces the quality of fruit variety and also production potentiality of a tree and thereby leaving it of uneconomical value.
In order to control such a problem and minimise the incidence of disease, the government authorities took various measures which includes:

a. Issue of literature, holding of exhibitions and demonstration shows.

b. Conduct of various classes in apple growing areas whereby growers are informed about the results of pests and diseases and their proper control, and


Despite these measures it has not been possible for the Government to eradicate the disease completely.

iii) Traditional Technology: In Jammu and Kashmir State, fruit cultivation is carried through poor equipment, inadequate and obselete tools. This method is essentially responsible for the low productivity. Over the years, the age old techniques have been refined and sharpened but even these are not up to the mark. Hence there is a good scope for improvement in the method of cultivation and adoption of improved horticultural practices. Reasons for non-adoption of modern technology are many and are classified as under:

a. Lack of knowledge,

b. Financial deficiences.
a. **Lack of knowledge**: This is the major obstacle in the way of adoption of new horticultural technology. Most of the growers are ignorant and generally uninformed of the latest method and techniques of production.

b. **Financial deficiencies**: The prices of new equipment are high enough, hence beyond the reach of small growers and medium growers. The successful adoption of costly improved horticultural practices is conditioned to a great extent on the financial position of the grower.

iv) **Lesser Use of Chemical Fertilisers**: The apple growers of the State are well seized that the application of chemicals in horticulture is of prime importance and if orchard is fully fertilised, it can produce a large amount of fruit but unfortunately they do not fully apply adequate fertilisers to their orchards on account of the following reasons:

1. Majority of the growers are poor with inadequate credit facilities and are not in a position to purchase chemical fertilisers in adequate quality.

2. Growers are sceptical about the use of artificial
fertilisers as they fear loss of fruit through the improper application.

3. Growers are not well informed about the relative merits of fertilisers and about their preparation and application.

Keeping in view these reasons only a small percentage of growers use fertilisers. This is clear from the fact that only 7.02 per cent of orchards in the Valley receive fertilisers regularly, and 54.39 per cent are fertilised occasionally and rest 38.59 per cent of orchards are not being fertilised at all.\textsuperscript{1} It is clear therefore, that a large portion of orchards in the Valley remain unfertilised.

v) Prunning: According to survey 79.00 per cent of orchards in the State are not properly pruned.\textsuperscript{2} As a result of non-prunning of fruit trees, poor yield and quick deterioration of the quality fruit takes place. In order to preserve sufficient strength in the trees by removing its unwanted or diseased and long branches, prunning becomes an essential feature of health care of the tree.


\textsuperscript{2} Ibid., p. 6.
Despite the obvious benefits of prunning, it is surprising that the growers have not taken this practice kindly as they see it as a wastage of cut or prune any part of a tree which is the result of their ignorance. All concerned agencies including cooperatives should confine their efforts to dispel the fears of the growers.

vi) Irrigation: Proper irrigational facility is a major input for agricultural produce. But it is shocking to note that a small percentage of orchards are properly irrigated in the Valley and major percentage remains unirrigated. The best of soil and sunshine or even the climate are of no avail if these are not accompanied by a guaranteed irrigational flow. It has been estimated that total water requirements of fruit trees is about 30 inches a year.¹ This is the minimum requirement which should be assured to the growers. Various methods are available to the growers for irrigating their orchards apart from the natural rainfalls. The commonly used methods are:

1. River and canals,
2. Wells, dug-wells and tube-wells,
3. Ditches and ponds, and
4. Storage, tanks, etc.

Despite all these methods most of the growers of the State are unable to adopt them because of the lack of funds. Once financial assistance is made available to the growers, it can reasonably be expected that they would be in a position to improve their irrigational facilities.

b. Problems in Marketing System:

In the marketing of apple produce from the production point to the consumption point a variety of problems are being faced by the growers. These problems are as under:

1. Assembling,
2. Selling,
3. Storage,
4. Transportation,
5. Processing,
6. Grading,
7. Finance,
8. Risk bearing, and

1. Assembling: The process of assembling involves the collection of little quantity of production from individual growers. It is the first step in the sequence of operations
which comprise horticultural marketing. This function can either be the assembling of the raw products from the production area or the assembling of the finished products into the hand of other middlemen in order to meet demand of the ultimate consumer.¹

In Jammu and Kashmir State the apple orchards are far from the assembling centres. Communication from these orchards to the assembling centres are often extremely poor and defective. Bad roads, lanes and traits linking orchards with the assembling centres not only add to marketing costs but also lead to the multiplication of small dealers and intermediaries.

2. Selling: Selling does not mean merely passively accepting the price offered. It refers to all those activities which sometimes are called merchandising. It includes also the activities like advertising and other promotional devices performed to influence the customer or create demand for the product. The decision as to the proper unit of sale, the proper packages, the best marketing channel, the proper time and place to approach potential buyers—all

are decisions which can be included in the selling function. Thus under this head the following marketing problems have been studied:

i) Package,
ii) Marketing channel,
iii) Advertising and sales promotion, and
iv) Proper time.

1. Package: Packing is a convenient means of identifying a manufacturer's products, of stimulating demand and consumer interest and of improving saleability of the product by its more attractive appearance. A scientifically developed packaging technique will go a long way in preventing adulteration, pilferage, short-weight and maintaining the quality of products and thus pave the way for promoting sales.

The traditional packing system for apple produce in the Jammu and Kashmir State lack almost all the above stated advantages. The wooden box is less economical and at the same time fails to

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gain consumer's attraction. At present our forests are providing about 1.50 crores of boxes for the fruit packing every year. This source is not life long hence not sufficient to meet the present requirements of apple industry. Accordingly, therefore efforts were and are being made to develop an alternative arrangement for the same. As a result, the Horticultural Corporation and Horticultural Planning and Marketing Department adopted cardboard boxes instead of wooden, for packing purposes during the session 1980-81. The result were encouraging as it is satisfying the economic, promotional and other statutory requirements. In addition to these, benefits like comfort and convenience of the user, strength and the re-use of the container are also present in this system of packing. Having the only disadvantage attached to it is that costs of cardboard cartons is comparatively higher as compared to wooden packing as is evident from the table given below:
### TABLE 5.2

**COST OF PACKING SYSTEM IN THE J & K STATE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost of Wooden box (W) (Rs)</th>
<th>Cost of Cardboard box (C) (Rs)</th>
<th>Percentage excess in cost of (C) over (W)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>6.00</td>
<td>12.00</td>
<td>100.00</td>
</tr>
<tr>
<td>1981-82</td>
<td>7.50</td>
<td>12.50</td>
<td>66.67</td>
</tr>
<tr>
<td>1982-83</td>
<td>8.50</td>
<td>13.00</td>
<td>52.94</td>
</tr>
<tr>
<td>1983-84</td>
<td>110.00</td>
<td>15.00</td>
<td>36.36</td>
</tr>
<tr>
<td>1984-85</td>
<td>12.00</td>
<td>14.00</td>
<td>16.67</td>
</tr>
<tr>
<td>1985-86</td>
<td>12.50</td>
<td>15.00</td>
<td>20.00</td>
</tr>
<tr>
<td>1986-87</td>
<td>13.00</td>
<td>15.50</td>
<td>19.23</td>
</tr>
<tr>
<td>1987-88</td>
<td>14.00</td>
<td>16.00</td>
<td>14.29</td>
</tr>
<tr>
<td>1988-89</td>
<td>14.50</td>
<td>16.50</td>
<td>13.79</td>
</tr>
<tr>
<td>1989-90</td>
<td>15.00</td>
<td>17.00</td>
<td>13.33</td>
</tr>
</tbody>
</table>

*Source: Jammu and Kashmir Horticulture, Marketing and Processing Corporation Ltd.*
From the table it is evident that the cost of cardboard cartoons was 100 per cent more as compared to wooden box in 1980-81. This is so because of the non-availability of these containers at that time. The subsequent efforts made by the Government resulted in taking up the manufacturing of these cartoons within the State. This had a good impact on the cost of the cartoons as their price showed a decreasing tendency as is clear from the table. Apple growers could take advantage of cardboard containers as this could save the transportation cost on account of less weight as compared to wooden boxes. Again the State resources of Green Gold can be saved which is otherwise wasted by consuming wooden boxes for supplying apples. Despite of this the use of cardboard containers is not popular because of the following reasons:

a. grower’s unawareness about the economical and promotional benefits of the cartoons;

b. higher price of cartoons as compared to wooden boxes;

c. non-availability of adequate quantity of cartoons in the State;

d. the sale centre of cartoons being in Srinagar restricts the use of the same by the growers living in rural areas.
ii. **Marketing Channel:** One of the most persistent obstacles to the improvement of marketing system is the lack of efficient and economical market channel through which the products could move to the target market. The complex pattern of marketing channel decrease the fruit returns to the basic growers.

Generally it has been observed that consumers are located far away from the production centres. With the result there are various institutions working between basic growers and ultimate consumer. Due to their existence, the cost of apple production goes high logically the simplest market is that in which the grower sells own production to the ultimate consumer without any intermediary.

It is noteworthy that about 70 per cent of total apple production in the State passes at least through four hands before it reaches the final consumer.¹ Pre-harvest contractors play the most important part in the apple marketing channel. They may sell direct to retailers, but more often go through commission agents in assembling and

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distributive centres. These commission agents may also act as wholesalers themselves in other transactions, subsequently using an additional commission agent or selling directly to retailer.¹ The influence of these intermediaries have bad impact on marketing channel and the result thereof the orchardist hardly gets 20 to 30 per cent of the actual returns.

iii. Advertising and Sales Promotion: Advertising and sales promotion play a positive role in the efficient marketing. By and large personal selling forms the major element of the promotional mix in horticulture marketing in the State. The advertising as a means of demand creation has been altogether ignored. As a consequence thereof consumer know less at terminal/export markets about the special and considerable qualifies of Kashmir apple and apple products. Personnel alone cannot compete with the marketing competition at terminal markets. It needs all support and help from other promotional devices which are absent in apple marketing at present.

iv. **Proper Timing:** Time is an important factor in selling. This also influence badly the apple marketing of the State. The apple production of Jammu and Kashmir State comes to the market about 2 months after apple produce of Himachal Pradesh. This enables the competing State to get much time to capture the market and thereby earns good returns for its produce. As a result the State faces lot of problems at export marketing centres in maintaining a proper balance between supply and demand.

3. **Storage:** The proper storage facilities are one of the essential features of an efficient marketing. The storage of farm products over substantial periods of time is another service which is essential because of perishable character of these goods and the need to spread seasonally production over extended periods or relatively stable demand.\(^1\) Storage helps in tiding over the deficits of particular periods and areas and thus acts as an equalizer of prices both regionally and over periods of time.\(^2\)

Generally there is inadequacy of cold storage facilities for apple produce in the Jammu and Kashmir

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State. Inadequate cold storage facilities are the cause of heavy losses to grower in the State and the result in serious wastage of fruit and increased cost of consumers. A large majority of fruit, after its plucking is readily perishable under ordinary atmospheric temperature and humidity and cannot be stored even for a few days without serious deterioration. It has been observed that fruit allowed to stay in the open for one day losses its life by one week.¹

Without cold storage facilities in the State and at export marketing centres the apple trade on extensive scale is not possible. It is worthy to note at the time of glut where there are chances of deterioration and spoilage, the apple traders of the State sell their produce at export marketing centres viz; Delhi, Bombay, Madras etc. at such a rate that it is not even sufficient to meet the cost of transportation and packing charges of the fruit.²

Proper cold stores equipped with latest physical handling techniques would secure the grower a more equitable price by marking fruit available at desired time and thus eliminate

² Author's discussion with fruit traders at various export markets.
gluts in horticultural market at harvest season. It will protect and minimise the deterioration and losses in the fruit during its marketing process.

4. **Transportation**: A dependable transport is yet another perquisite for the successful operation of the marketing system. Transport facilitate the movement of goods from places where they are less useful to places where they are much in demand.

Market can suffer physical and economic isolation or be within the compass of region or even wider competition depending upon both inter and intra-regional transport facilities.\(^1\) Efficiency in transport depends upon the speed within which the goods are delivered and the care taken during transit.\(^2\)

Horticulture produce frequently require transport service of an extremely specialised kind. All forms of transport viz; road, air and water must be available in moving the produce from the farms/orchards to its ultimate

destination so as to make better and proper utilisation of these perishable goods in time. In Kashmir Valley, which is the main apple producing area in the State, only one system of transport is available namely Road Transport.

It has been observed that the forwarding agents at Srinagar, Jammu and Pathankot resort to delaying tactics in handling the consignments booked for various export markets. This results in the deterioration of the quantity of stock before it reaches export marketing centres. This speaks of the degree of inefficiency in the transportation system of the fruit in the State. As a consequence of it the transportation cost goes high and at the same time delay in consignments results in serious damage and loss to the fruit.

5. Processing: The processing function would include all those essential manufacturing activities that change the basic form of the product. The processing activity in horticultural marketing cannot be ignored. Processing is horticultural marketing cannot be ignored. Processing is necessary for perishable farm products like fruits and vegetables. Presently huge quantities of apple are left as unmarketable surplus in the shape of culls, windfalling,
slightly bruised and damaged in the valley of Kashmir. There is further increase to this quantity with off grade apples in inferior varieties, the returns of which are not economical to the growers at all. As a consequence thereof, the State is facing utilisation problem of about the lakh tonnes of unmarketable surplus.\(^1\) Hence, the need of the hour is to establish scientific methods of preservation and processing units. It is gratifying, however, to note that some measures have already been taken by the Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation in this direction. But these measures are not sufficient to meet the requirements of the industry. The in view of the following reasons:

a. Non-availability of raw-material and packing material at the time of need;

b. Heavy exercise duty imposed on the containers;

c. Seasonal nature of business which keeps off people to take up this business;

d. Limited local market since the local market is limited the processing industry has to export its produces to other states of the country, which however, does not became possible in the absence of quick transport facilities.

6. **Grading and Standardisation:** Grade means classifying a particular horticulture produce according to certain

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\(^1\) Status paper Report on Fruit Processing Industry, Small Industries Services Institute, Govt. of India, Srinagar, 1980, p. 7.
attributes or marketing qualities into various classes or grades. Apple production is graded on the basis of size, symmetry of form, colour, ripeness and damage. The purpose of grading is to help buyers to select the most suitable produce for the uses they have in mind, so that the goods command higher prices than they otherwise would. Once the consumer is sure of the quality he is paying for he would like to meet the full demand.

Apple gradation is one of the crucial problems presently being confronted by the State Apple Industry. It is not uncommon to find quality apple mixed with inferior varieties. Poor gradation has eroded the future of apple industry.

The apple growers adopt their own standards for grading which are generally based on size, colour, variety, disease and damage. Every grade standard had its own code which varies from grower to grower. Generally, the following code numbers are used by the traders.


Full colour without blemishes, bruises and insect damages,
999-3/4 colour, rest as 'A'
997-3/4 colour with slight dry blemishes
881-1/2 colour or even less but with insect damage blemishes
666- This grade is between all the colour ranges but having maximum damage of insects blemishes and spray damages.
333- Dropped fruit (sorted) having bruises and having half colour.
1000- Drops due to wind, no colour restriction, having insect damages, bruises and fall pits etc.

This system of grading is inefficient as it encourage the 'Hatha System' of auctioning at terminal markets. The grading codes used by growers remain secret among various marketing intermediaries viz; commission agents, forwarding agents and wholesalers, which give rise to many malpractices and at the same time put confusion at the time of sale.

With a view to overcome this deficiency the State Government tries to supervise the grading activity of apple which however is not very much effective as it carries no legal sanction behind it. The Horticulture Planning and
Marketing Department is assigned the responsibility of ensuring scientific grading and standardisation but unfortunately this official agency has not succeeded in its mission which is clear by the remarks of Shri Tapeshwar, Chairman, National Agriculture Marketing Federation (NAFED) lamenting on situation he says:

"During the last few years, we have experienced some difficulties in the sale of apple stock on the best possible rates since some of the stock received was not properly graded. Because of this we could not get best possible rates for such stock in spite of our best efforts".1

Recently, Directorate of Horticulture Planning and Marketing has redesigned the grading specification for apples which now stands as:

1. JK Supper,
2. JK Special,
3. JK Fancy, and
4. JK Selected.

7. Financing: Finance has rightly been described as the life blood of any business enterprise. Its role in apple industry is more pronounced because of the very nature and operational pattern of this industry. In fact finance

is required at every stage from harvesting of the fruit till its final disposal to the ultimate consumer. Because of the non-availability of sufficient finance to meet the pre and post harvest operational expenses the growers have been forced to fall a prey into the hands of unscrupulous middlemen who fallen themselves on the expense of poor growers. Though there marketing intermediaries provide interest free loans to the growers yet in effect it is just an eyewash. They actually cheat them by charging high commission on gross rate of the produce and by resorting to illegal and unethical marketing system, like "Hatha System".

The role of credit of horticultural development especially in case of small growers has been emphasised from time to time. It is now widely accepted that the gains of the development could not reach the small growers because the organised credit lending institutions like commercial and cooperative banks were largely not within their reach.\(^1\) It was expected with the incorporation of various new credit lending institutions viz; Allakai Dyakti Bank (sponsored by State Bank of India) and Omraz Rural Bank (sponsored by Jammu & Kashmir Bank) that this problem may be solved to the greater extent as they

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1. "Report of All India Rural Credit, Review Committee", Reserve Bank of India, Bombay, 1969, p. 34.
have been specially incorporated for the development of agriculture and allied fields. But the results have not been much encouraging. They are not providing adequate facilities of finance as were expected of them. The maximum limit of loan given by these lending institutions to the basic growers without keeping any mortgage is Rs 5,000 and exceeding that the loan is sanctioned to them against proper mortgage. It is evident that in Jammu and Kashmir State, the proportion of such orchardists is larger who have either small land holdings or poor. These growers are not in a position to provide securities to these rural banks. Hence, the growers are hardly facinated to avail credit facilities from these institutions.

8. **Risk Bearing**: The risk-bearing function is the accepting of the possibility of loss in the marketing of a product. The risk can be classified under two broad heads viz; physical, and marketing risk. The risks which occur as a result of destruction of deterioration of the

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1. Scholar's discussion with the officers of the Allakai Dyahi Bank and Kamraz Bank.

product itself by fire, accident, wind, cold, heat and earth quakes are known as physical risks whereas the risks which occur because of the change in the value of a product come under the head market risks.

Risk of quality deterioration are very important in case of apple produce being of perishable nature. Most of the growers are not prepared to take risk arising out of change in the market price, deterioration in fruit and loss by damage. As their capacity to bear losses is weak they prefer to pass on the risk to pre-harvest and other agencies by selling their produce at low prices.

The present marketing system of apple is favourably inclined to the middlemen rather than growers. In the absence of any government agencies the growers are left to the mercy of the middlemen, who take maximum advantage of the weak capacity of growers to bear the marketing risk of their produce.

9. **Market Information**: Market information may be defined as facts and their interpretations likely to help producers, traders and consumers in marketing decisions.¹ It covers

current price quotations, the feel of the market, trade opinion as to future trends and the probable effect of seasonal and climatic influences, and forecast of further production, consumption and trade movements, seasonal variations in yields and their probable impact on prices all material likely to influence the terms of exchange. All this information is essential for the marketing if it is to operate with economy and precision. Any buying or selling activity which is undertaken on an isolated or spontaneous decision has less chances of economic success that which is conducted after a careful consideration of these facts.

The apple industry of the state lack the facility of good marketing information system. In this direction also poor growers of the state fail to receive the adequate benefits of goods and modernised techniques of marketing. The survey conducted by the scholar shows that 69.8 per cent of the sample orchardists received market news in some form or the other. The sources of information for the growers are as follows:


i. Radio Broadcasts;
ii. Inquires through cooperative societies;
iii. Inquires from commission and forwarding agents;
iv. Inquires from neighbouring growers; and
v. Telephonic message from terminal marketing centres.

It may be noted that out of 69.8 per cent of the interviewed growers, 83.72 per cent were utilising the source of serial No. 1, 3 and 4 for this purpose whereas 16.28 per cent were dependent on other sources. It may not be out of place to mention here that market information system is utilised for price mechanism only whereas 16.28 per cent were dependent on other sources. It may not be out of place to mention here that market information system is utilised for price mechanism only whereas other areas and functions are ignored by the apple growers of the State.

In addition to above discussed functional problems of the present marketing system of horticulture produce, the following two problems also effect adversely the efficiency of the present marketing system.

a. Unorganised nature of growers: In Kashmir Valley the apple growers are numerous, poor and unorganised. They
sell their produce individually and in small quantity. As a consequence thereof, the bargaining capacity of these growers is low. Hence they are enable to protect their interests. On the other hand, the buyers of apple produce usually operate on a large scale and are rich and well organised. Since the number of these buyers is low and at the same time buy huge quantities in the aggregate are well in a position to monopolise the apple trade and cooperate in furtherance of their own interests. There is thus a kind of buyer's market in this trade, where marketing intermediaries have enough freedom to exploit the poor growers of the State.

b. Forced Sales of Marketable Surplus: The farmers in general sell their produce at an unfavourable place time and terms. These three factors namely place, time and terms give the clue for an understanding of the existing position. Because of poverty and indebtedness unsatisfactory nature of communication, lack of staying power and the need for finance, the apple produce is sold soon after the harvest when there is a glut in the market and hence the offered, is very low. Usually growers dispose of their

produce in advance by giving orchard on contract to pre-harvest contractors. This results in low economic returns to the growers.

Mere identification of problems is not the end in itself so far as the marketing of horticultural produce is concerned. It, therefore, calls for concerted efforts to minimise and even in certain cases eradicate the bottlenecks so as to gear up the existing marketing system. In this connection the next chapter deals with suggestions and conclusions.