CHAPTER NINE

SUGGESTIONS AND CONCLUSIONS
Suggestions And Conclusions

The foregoing chapter brings to light an important thesis that cooperative system has failed to boost the cooperative marketing. A cursory look at the activities of the cooperative system in Uttar Pradesh indicates that it possesses all the essential characteristics of an efficient system but has failed to contribute in terms of growth and productivity in the field of marketing agricultural produce on account of the problems faced by the primary agricultural marketing cooperative societies. Therefore, it is essential to discuss the problems and their solutions.

SALE AND PURCHASE COOPERATIVE SOCIETIES

Various problems faced by the sale and purchase cooperative societies in the Eastern Uttar Pradesh are discussed under the following heads:-

1. Lack of Professionalism

The most important point due to the absence of which the marketing cooperatives are lagging behind is the lack of professionalism in the overall working of primary marketing cooperatives. Only some specialized commodity marketing societies like; fertilizer, dairy, sugar, cotton, etc. are doing marketing business in a professionalized way but not a single primary marketing cooperative society (sale and purchase cooperative society) of eastern Uttar Pradesh is on the right path.
2. Lack of Coordination

It has been found that there is lack of coordination in the primary marketing cooperative society at various levels. Due to wide communication gap between the apex societies and the primary marketing cooperative society's timely information is not available many times.

Besides, it is also found that the annual business reports of the primary societies reach district as well as state offices very late and no strict action is taken against such societies.

3. Lack of Proper Selection and Training:

The staff of the primary marketing society is not well qualified and experienced and the selection is done purely on the basis of personal relationship. Due to this defective method of selection, the selected people have no clear idea about their roles due to which the functioning of the society gets effected.

4. Lack of Centralized Sales Authority

There is a lack of comprehensive deed covering policy, method of handling produce, relation between sales and financing procedures etc. due to which the farmers sell their produce to local traders in order to get immediate cash after the harvest to meet their personal obligations. Sometimes it is also found that the farmers are indebted to local traders and enter into advance contracts with them for the sale of the crops.

5. Inadequate Financial Position

It is found that most of the societies lack adequate finance, which is the backbone of any business activity. Due to inadequate finance facility
the societies neither meet the credit needs of the farmers nor make an advance payment of the value of produce purchased or sold through societies.

6. Infrastructural Imperfection

For any business activity proper infrastructure is needed. But in the case of primary agricultural marketing cooperatives it is found that there is lack of sufficient storage facilities, proper transportation, and ample space for auction, due to which the farmers are bound to dispose off their produce soon after the arrival even at lower prices to local traders. It is also found that the process of auction at societies takes too much time due to which the members avoid to go there and prefer to contact local traders. On account of lack of proper warehousing, cold storages and marketing facilities, the producers are always deprived of remunerative prices and at the other end the consumers do not get commodities at a reasonable price.

7. Abundance of Middlemen

It is found that during the process of selling produce, a large number of middlemen are involved due to which the producer does not get the actual price of the produce and most of the benefits are reaped by the middlemen.

8. Lack of Market Information System

The primary marketing cooperatives lack Marketing Information System, which is an important tool in planning future goals, solving problems and making right decisions. The management of the societies is not in touch with the members. Thus the information does not reach the
farmers well in time. Farmers have to depend on the biased information provided by traders and hence they fail to realize reasonable returns of their produce.

9. Absence of Advertisement Facility

Advertising as a tool of sales promotion has not been used by the primary marketing cooperatives because of their small area of operation and limited business turnovers. They are not in a position to spend money on advertisement.

10. Lack of Loyalty among Members

There is lack of loyalty among members of the primary agricultural cooperative marketing societies because of poor education and absence of cooperative feeling and principles, which hampers the progress of the societies.

11. Absence of Risk Bearing Ability

It is the problem of almost all the members of the societies that there is no appropriate insurance scheme for their produce, thus in the absence of any insurance scheme the farmers suffer huge losses in case of natural calamities. Due to this problem sometimes farmers are unable to repay their loans.

12. Government Interference

In the promotion of most of the Cooperatives the share in capital is contributed by the government from 20 to 80 percent. The government interferes in the management of the cooperative societies at all levels. Thus, the Indian Cooperative Movement has become a Government
Movement. Due to excessive government control the marketing cooperatives work as an agent of the government and fail to keep the interest of the members on priority.

13. Forced Selling of Produce

It is also found that some of the members of the societies are forced to sell their produce to the local traders or middlemen. The reason behind this is non-availability of financial assistance from the credit societies and thus they are bound to take loans from the local moneylenders. Hence, they are bound to sell their produce to moneylenders on low prices.

14. Lack of Hospitality

Hospitality, which is a part of an Indian culture, does not find place at primary societies, while on the other hand, the private traders welcome their clients by providing them fooding and lodging facility during odd hours. Due to this the farmers and their friends/relatives prefer private traders to marketing cooperative societies for the purpose of selling their produce.

15. Lack of Leadership

Last but not the least is the lack of leadership at the top of the cooperative organizational structure, on account of which cooperatives are facing stiff competition from private enterprises. So the challenges before cooperative leadership are; Social value, Organizational effectiveness and Government interference. Thus, it can be said that the cooperative leadership lacks role clarity and most of the time personal interests subordinate the cooperative interests, which ultimately results in the loss of faith by members on cooperatives.
In spite of the above facts cooperatives can play a significant role in the economic development of the state if organized on sound cooperative principles. In this context the following are the suggestions to develop agricultural cooperative marketing system in Eastern Uttar Pradesh in particular and in India in general.

SUGGESTIONS

1. Professionalization of management of marketing cooperatives is the most important requirement for the survival of primary marketing cooperative societies in today's competitive environment. In order to emerge as a strong business enterprise, they have to manage change through scientific behavioural tools and innovations by discarding their old system of functioning so as to march ahead in the new era.

2. For effective working of the societies it is imperative to have a proper coordination among different departments at each level, so that the society may work in a smooth and efficient way. Besides, an effort has to be made to minimize the communication gap and to minimize the time and cost in the exchange of information to achieve organizational objectives.

   On the other hand, it is also suggested that the secretaries of the primary societies should submit their annual business reports on time to the concerned officials and a good system of keeping accounting records should be maintained to ensure confidence of members.

3. The selection procedure should be unbiased and the selected personnel should be qualified and get proper training regarding the overall activity of the society so that they may achieve better results. By recruiting
competent personnel and by providing proper training to them the managerial efficiency will be improved. Powers should be delegated so as to take immediate decisions for accomplishing the goals of the organizations.

4. The society should make arrangements for the sale of agricultural produce of the members, preparing the produce for markets by sorting, grading and transporting the produce from member's residence to the adjoining market. Thus farmers will get remunerative price of their produce.

5. For overcoming the problem of inadequacy of funds there should be adequate amount of cash present with the society so that it may proceed its business activity properly and there should be sufficient funds available with the society for the purchase at the harvest time and making prompt payment for commodities delivered, and providing marketing advances to members. It is also the utmost duty of the society to make proper use of allocated financial assistance and recover the loans from the members on time and take strict action against those who fail to repay the loans.

6. In order to overcome the problem of weak infrastructure, the marketing societies should try to arrange godown facilities, processing yards and cold storage to facilitate storage and sale of goods. There should be proper utilization of correct weight and measures and a uniform system of classification for the procurement of food grains. Besides, the societies should hire or own vehicles so that the produce of the members can easily be transported from field to market.
7. In order to eliminate malpractices and superfluous middlemen, the cooperative society should come forward during the selling-buying process so that the producer gets proper price of produce. For this they should have expertise to compete with private traders and commission agents.

8. It is suggested that every cooperative society should have complete Computerized Information System so that they can record all the information about society as well as the members. By doing this they can easily locate the problem in a few seconds and save their time, which can be used elsewhere. It is an age of Information Technology. Through improved information system it will be easy for the society to educate its members regarding the changing trends in the market and educate them about better irrigation practices and latest trend in the technology. The state level cooperative marketing federation should come forward to provide required finance and guidance for having such a scientific information system. The introduction of members news bulletin would be a good practice for keeping the members well informed about the activities of the society. Besides, there should be Agricultural Marketing Information System (AMIS), which comprises the physical infrastructure and human resources to collect, process, store and disseminate data on quality, arrivals, prices, storage, packaging, post harvest management, credit facilities etc. Thus it will provide information to members of the society in time and in proper form.

9. For having advertising system, the cooperative department should come forward and educate the secretaries of the societies regarding its benefits. For this they can take the help of print media (local newspapers etc.) and electronic media (regional radio and television
programmes) in order to make the members/producers aware of the benefits of marketing agricultural produce in a cooperative way.

10. To ensure the loyalty of members towards their societies, it is necessary to educate them about the advantages of cooperative marketing and by providing all necessary services in marketing their produce. For this a get-together type seminar/meeting should be organized at village level from time to time in order to educate the members of the society and also try to motivate those who are not the members of the society, to join the same.

11. For the purpose of overcoming marketing risk, effective steps should be taken by the state government. This can be done by providing them some financial assistance and also by insuring their produce so that they may get some financial help during natural calamities.

12. Active involvement and interference of government in the management of marketing cooperatives should be minimized so that the cooperative values and principles are not discarded and the cooperative sector may utilize their services effectively. The share of government in capital should be reduced gradually and needed capital should be raised from members and public.

13. In order to overcome the problem of forced selling of produce, adequate amount of loans should be provided to the members from the credit societies so that they do not contact the local moneylenders/traders for financial help as well as for clearing off their produce.
14. There must be some arrangements from the societies for their members to stay during odd hours. By providing this hospitality the members will avoid to contact the local village traders, who ultimately cheat them in clearing their produce.

15. The senior level managers at the district and state level should be highly motivated persons who must strive for high objectives for the district as well as primary marketing cooperatives. Being leaders they should work in such a way that it provides full satisfaction to the members of the cooperatives. Besides, leadership development programmes should be organized from time to time for the purpose of corporate development plan of cooperative organizations as well as enhancing leadership skills by building shared vision, surfacing and testing and mental models and systematic thinking.

Most of the farmers of this region are either of medium or small categories having big family. Due to this, the area of operation becomes small, which results in high cost of production or small returns. Besides, farmers are engaged mostly in the farming of cash crops and little attention has been given to other crops like: - pulses, cereal crops, fruits & vegetables etc. So it is the foremost duty of the state government to promote cooperative farming practices in the region which ultimately render help in the marketing of agricultural produce.

In the present setup of marketing societies with their inefficient management, inadequate market information, poor finances, untrained staff and other handicaps in the marketing operations, we cannot achieve the desired objectives. The marketing societies have to compete with the organized wholesale and private businessmen and therefore must employ
the best talents to run their business. The officers of the cooperative department, who do not possess business skills, dictate them. It is found that the Movement has suffered a great setback due to political consideration of the district cooperative authorities in their day-to-day work. Sometimes they enjoy luxuries at the expense of the Movement. Besides, the government is also responsible for the slow growth of cooperative organization. For e.g. the nominations in the District Cooperative Development Federation are made by the government purely on political considerations.

In conclusion it may be said that the government should design a comprehensive policy for cooperative sector with emphasis on developing specialized market, introducing grading facilities at production level, providing better mechanization & better farm inputs, and developing a Marketing information System at state level as well as at block level.

These suggestions would go a long way in improving the condition of agricultural cooperative marketing of Eastern Uttar Pradesh in particular and all India in general.

PRIMARY HORTICULTURAL COOPERATIVE MARKETING SOCIETY

Fruits and vegetables provide vital protective nutrients like vitamins and minerals in the balanced diet of human beings. It is not an exaggeration to say that there is no human being in the world who does not consume fruits and vegetables. Besides, fruits and vegetables cultivation is more labour intensive and remunerative for small and marginal farmers. Despite its utility, fruits and vegetables cultivation, consumption and marketing in India remain a relatively neglected field.
This is due to severe handicaps in production and marketing of fruits and vegetables. The production problems include low productivity, traditional cultivation practices etc. On the marketing side, there are many imperfections and inadequacies. While the perishable nature of fruits and vegetables poses some vital problems for marketing, the traditional and exploitative marketing practices cause some more problems. Some of the serious problems in the marketing of fruits and vegetables are unfair trade practices by middlemen, price uncertainty, price manipulation, lack of proper transport, storage facilities etc. As a result of this, Indian fruit and vegetable growers are considered to be bad marketers. Under this situation they feared to accept the price offered by the traders. Though some attempts are made to regulate the marketing facilities, still a greater part of the fruits and vegetables marketing remain unorganized and underdeveloped. The problems of marketing horticultural produce have been given in detail below.

**Problems:** - The farmers of this region have been facing problems in the marketing of their produce for a long time. In the existing marketing system, farmers receive a fringe share of the price paid by the consumer (as already discussed in chapter-6). Fruits and vegetables being highly perishable need quick disposal. Due to lack of any effective marketing procedure the farmers of this region are bound to sell their produce at low prices. Uttar Pradesh Horticultural Cooperative Marketing Federation was set up in 1992 with primary marketing cooperatives at the village level and the federation at the state level, but at present these primary societies exist only on paper, except few, which are running unprofitably in the western region of the state.
In my opinion the most important point is the structure of the federation. Here the question arises as to which activities should be undertaken by the primary marketing societies and which by the federation itself. So in this context I would like to suggest one model and its SWOT (Strength, Weakness, Opportunity, and Threat) analysis for the purpose of effective marketing of agricultural produce in this region.

**Suggestion:** - A schematic representation of the structure of Federation should be as below: -

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  PROCUREMENT CENTRE
    ↓
  PRIMARY MARKETING
      ↓
  COOPERATIVE SOCIETIES
    ↓
  FEDERATION → TO THE RETAIL OUTLETS
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The Primary Marketing Cooperative Societies should be directly linked to the procurement centre that is why the produce will be collected at the procurement centre and marketed by the primary marketing cooperative society itself.

**Role of the Procurement Centre:** - Depending upon the availability of agricultural produce a procurement centre can be opened in every district in a cluster of 10-15 villages preferably nearest to the road so that the transportation may be easy and cheap. The primary marketing cooperative societies open their procurement centers in villages from where produce can be collected in large quantity over a long period of time. The
procurement centre should be run by a paid incharge who will be assisted by two or more assistants depending upon the volume of produce. In the morning and evenings the information about how much to procure and at what price, will be passed on to the procurement centre. In this overall activity the incharge of the procurement centre gets help from the primary marketing cooperative societies and will be responsible for the overall management of the procurement centre.

**Role of the Primary Marketing Cooperative Society:** - At least one large sized primary marketing cooperative society should be located at district level, having the responsibility of procurement as well as marketing. There should be proper coordination between demand and supply of fruits and vegetables so that the procurement will be done accordingly. This large sized primary cooperative marketing society will look after retailing and wholesaling process (just like SAFAL retail outlets at New Delhi which is running by National Dairy Development Board) for the retail consumers.

The procurement centre will be run by the society itself and sorting and grading of produce will be done at the yard of primary marketing cooperative society, and in this case all the expenses will be borne by the society.

Everyday the retail prices in the local market will be collected and a certain percentage can be given as a procurement price to the members of the society. For this, the prevailing price in the morning of a day should be used as a base of the procurement price in the next morning and likewise the price in the evening can be used as a procurement price in the next evening.
Role of the Federation: - For this overall activity of wholesaling and retailing of fruits and vegetables the federation plays a pivotal role by providing financial assistance to the primary societies from National Horticulture Board or other related state funding departments. These funds will be exclusively credited in the name of the society and federation may put a small amount as a share in the primary society.

Besides, the federation will be assisting in marketing, especially in the export and inter state marketing with the help of National Agricultural Cooperative Marketing Federation.

Finally, it will be the foremost duty of the federation to monitor, guide and supervise the activities of the primary society and try to arrange training facility for the personnel.

SWOT Analysis of the Proposed Model: - The SWOT (Strength, Weakness, Opportunity and Threat) analysis for the proposed model is discussed below:

Strength: - The main strength of the proposed model is the proper coordination between the two aspects i.e. procurement and marketing. Besides, there will be a transparency in the operation of the activities of the primary society because all the members will participate directly and the decision making process will become short and prompt.

The other thing is that the fruits and vegetables needs quick disposal because of its perishable nature, due to lack of which a significant amount of the produce gets wasted. The proposed model minimizes this loss, which alternatively brings reduction in costs.
**Weakness:** - The society has to depend on federation for getting finance facility for various activities of the primary marketing cooperative Societies, which may cause delay in significant cases. Besides, some dispute may arise for the chair of large size primary marketing cooperative society's incharge.

**Opportunity:** - The potential of the local market in some districts is vast that is why the prospect of sustaining is good. By opening fruits and vegetables cooperative retail depot in posh area they can give a tough competition to the local retailer backed by Commission agents.

Besides, the export market of agricultural produce as well as food processing industry is growing steadily. Thus there is good opportunity for the primary society to have a significant return from the export and from diversifying its business to food processing units, which is the need of the day.

**Threats:** - Due to its perishable nature the marketing of fruits and vegetables carries a lot of risk. Besides, in absence of proper monitoring by the federation there is a great possibility of the funds to be misused and there is also a chance of misuse of power and position.

Though the society has to depend on the federation and National Horticulture Board etc. for getting the financial assistance thus, a dependency will grow which may not be congenial for the functioning of the society.

Thus in conclusion it may be said that the proposed structure of the model coordinates between the demand and supply and minimizes the possibility of wastage and loss. Besides, the greater participation of
farmers, independent functioning of the society and much responsibility over the society will make the primary marketing cooperative societies more successful.

CONCLUSIONS

The Indian Cooperative Movement which is probably the oldest and strongest among the developing countries of the world have made great strides and influenced in almost all spheres of economic activity. The path of development of cooperatives in India passes through four distinct stages: the highly officialised stage, the partly officialised-partly politicized stage, the highly politicized stage and the professionalized managed stage.

In the early days, the emergence of the cooperatives in India was not a result of people's vision or people's aspiration. However, after independence the situation changed with the introduction of planning system, where Cooperative Movement received a considerable attention of the planners, by adopting the approach of planned economic development for establishment of a mixed economy. By visualizing the cooperation as instrument of economic planning, the government implement the concept of state partnership in cooperatives at all levels based on the recommendation of All India Rural Credit Survey Committee report on integrated scheme of rural credit.

Over the years a well knit cooperative credit system has emerged in the country but despite progress in rural areas, it is facing problems by political and bureaucratic interference. In comparison of overall expenditure on agricultural sector, it is found that the share of
cooperatives is not quiet sufficient. So for the development of this sector, strong financial support is needed.

The Cooperative Movement has been playing an important role in the rural economy of the country. However, it has been sidelined in the state of Uttar Pradesh since 1991 in the name of newly accepted New Economic Policy. The existence of the Movement in the state is virtually at stake and it will never be possible to carry forward the Movement without structural and managerial changes to face the challenges of the new era of economic development. This can be possible only when the cooperatives are completely free from the clutches of bureaucrats and governments to avert excessive controls.

Cooperatives can also do their best to control and maintain the price of essential commodities at reasonably affordable levels by undertaking procurement and marketing of the agricultural commodities by eliminating intermediaries. National Agricultural Cooperative Marketing Federation, being an apex organization for marketing, has been rendering varied and valuable services to the farmers for over four decades and earned a place for itself in the national agricultural economy. In spite of various measures agricultural marketing cooperatives in the state of Uttar Pradesh could not become popular among the small grower, due to lack of knowledge of the benefits of cooperative system, lack of failure in the philosophy of cooperation, lack of members education and training etc.

Most of the primary marketing cooperatives, which are the backbone of marketing cooperatives organization, are not working properly in the state of Uttar Pradesh. This is because; it has paucity of funds, lack of storage facilities, lack of well educated and well trained personnel, lack of
coordination between the state agencies and central agencies in purchasing the agricultural produce, dominance of so called progressive farmers which undermine interest of small and marginal farmers, etc. So need of the hour is to give high priority to primary marketing cooperatives and adopt remedial measures, not only to improve the efficiency of these societies, but also in protecting the interests of farmers and consumers. By this it can be possible to save the farmers from the situation of gluts on many occasions.

One important finding of the study is that, despite one of the major producer of horticultural produce, no specific attention has been given to the marketing of fruits and vegetables in the state. In the absence of cooperatives, the middleman take away a major share, while the producer receives only upto 50%-60% of the amount paid by the consumer. For this, marketing cooperatives should be promoted by taking up the purchase of produce from growers at the time of harvesting at fair prices and sale of such produce at consuming centers through its widespread societies, to bridge the gap between the demand and supply of agricultural commodities by eliminating the presence of intermediaries.

It is mandatory for Marketing Cooperatives to minimize the role of middlemen and to provide remunerative prices to the farmers on the one hand and goods at fair prices to the consumers on the other. For this, marketing societies provided efficient marketing services by way of economic handling of the marketing operations and reducing the operational costs and various commissions, which are exorbitant in the case of private merchant. This can be done successfully only when the Cooperatives develop a high standard of efficiency in marketing. To
achieve this objective, it is necessary for them to know various functions in the marketing process viz; assembling, grading, standardization and packaging, processing, transport and storage, financing by banks and risk coverage by insurance companies and perform them properly. Doing this, the Cooperatives can rationalize the marketing system by handling larger quantities of better grade produce and by cutting out unnecessary transport expenses and eliminating middlemen. They can thus, become successful in simplifying the flow of goods through the market and giving higher returns to the farmers without raising the selling price.

It is an irony of fate for Indian farmers that government over the past five decades has considered agriculture only in terms of production and no desired attention has been paid for definite marketing strategy for agricultural produce especially through Cooperatives in order to minimize wastage and ensuring remunerative returns. A broad conclusion emerging out of this study reflects that the Cooperative Marketing system has failed to achieve its objectives in the state, because it has not been devised and organized in a professional manner. So, greater emphasis is needed to be given to the promotion of professional management for Marketing Cooperatives, for improving operational efficiency and cost effectiveness in the present day of open economy and competition.

The liberalization of the Indian economy since 1991 has drastically changed the total economic structure of the country thus bringing severe competition to Cooperatives. No doubt they can exist in the competitive world if they are efficient enough and ensure maximum efficiency. So, during this period of globalization and liberalization, Marketing Cooperatives will have to adapt appropriately to the emerging scenario and redraw and restructure their business policy and carve out a place for
themselves in order to reduce the financial burden of the national / state exchequers, for this the future system of the marketing Cooperatives should be so developed, so as to strengthen the primary Cooperatives at the grass-root level and make them viable, strong, autonomous and self-governing. The structure should be organized and sustained by primary Cooperatives with the sole purpose of enhancing their competitiveness in terms of prices, quality and better services, and gain the confidence of the people by running their business efficiently.

Before concluding this, it can be said that Cooperative Movement has become a monopoly of certain groups of favourite persons of the government who enjoy a majority in primary marketing societies as well as district marketing cooperative federations, and other cooperative organizations. The government can serve the cause of Cooperative Movement by screening the official cadre and non-officials who are the most favourite persons of the government are busy in building up their political career with the help of this Movement. Besides, emphasis should be given to the crucial need for the Movement to build its own financial capacity in order to be able to refuse external support and to concentrate on its day to day work. If things are changed for the better, one may hope that the Cooperatives can flourish to be in the vanguard of this International Movement. But above all what counts is the political will.

It is a known fact that cooperatives occupy an important place in India’s rural economy in terms of their membership, business turnover, and contribution to the economic welfare of their members. They have performed well in some segments and badly in many others. In the new era characterized by deregulation, delicensing, liberalization, privatization and globalization, they are facing a number of challenges manier times.
Serious doubts have been expressed as to their ability to cope with these challenges and survive in the new era. They need to be managed by professional managers if they are to survive and grow in the era of globalization. However, there are many obstacles to the professionalization of management of cooperatives, such as lack of appropriate training facility of cooperative managers, lack of good leadership, small size of business, poor internal work culture and environment, and archaic cooperative laws and excessive government controls. Unless, until, these obstacles are removed, there is little hope to the cooperatives to survive.