CHAPTER VII

SUMMARY OF CONCLUSIONS AND SUGGESTIONS
7.1  COOPERATIVE MARKETING IN INDIA AND TAMILNADU

The Cooperative movement in India has emerged as one of the largest movement in the world. There are 3.50 Lakhs Cooperative societies with a total membership of 15 crore and a working capital of about Rs.55,000 crore as on 30.6.1989.

Cooperatives play a significant role in disbursement of credit, supply of inputs, marketing of agricultural produce and undertaking agro processing activities.

The value of agricultural produce marketed by the cooperatives during 1988-89 increased to a record figure of Rs.5415.65 crore as against Rs.4000 crore during 1987-88.

For promoting and developing cooperative programmes for various economic activities in the rural areas, the Government of India had set up the National Cooperative Development Corporation.

National Cooperative Development Corporation provides financial assistance to the State Government in the form of loans and subsidies for financing cooperative programmes.

Fourteen national cooperative federations have been organised to promote, coordinate and support the activities of cooperatives in their respective sectors.

Processing of the agricultural produce has a strategic place in rural economy. Prominent among them are coopera-
tive sugar factories, spinning mills, rice mills, dhall mills, cotton ginning and pressing mills, oil mills and fruits and vegetables processing units.

Cooperative storage is a basic necessity of an agricultural cooperative for delivery of inputs and marketing of agricultural produce.

The marketing cooperatives help the farmers to pool their produce and ensure remunerative price for their produce. By establishing processing cooperatives marketing societies provide value added returns to the farmers.

There is a well-knit marketing structure of cooperative covering almost every mandi centre in the country.

The marketing cooperatives made a stunning recovery and substantially improved their performance during 1988-89. 83 percent of cooperative marketing of agricultural produce was accounted for by five states, namely, Uttar Pradesh, Maharashtra, Punjab, Gujarat and Tamil Nadu.

Upto March 1989 National Cooperative Development Corporation had provided financial assistance of Rs.151.43 crore for the development of cooperative marketing.

National Agricultural Cooperative Marketing Federation of India (NAFED) is the National federation of the cooperative marketing structure in the country. During 1988-89 there was a significant improvement in the performance of NAFED.

The role of marketing cooperatives in the VIII Five Year plan has been duly recognised. The targets for handling farm produce by the marketing cooperatives had been
raised from the level of Rs.5000 crore by the end of 1990-91 to Rs.8000 crore by the end of the 1994-95.

The cooperatives had also improved their performance in marketing of fresh fruits and vegetables.

Storage capacity of cooperatives has been increased from 11 lakh tonnes in 1962-63 to 103.39 lakhs tonnes by March 31, 1989. Over 48,000 Primary Agricultural Cooperative banks and most of the marketing cooperatives in the country have own godowns.

During 1988-89 National Cooperative Development Corporation sanctioned 1504 rural and 539, marketing godowns with capacity of 11.29 lakhs tonnes.

An analysis of the performance and functioning of the marketing cooperatives in Tamilnadu reveal that there has been lopsided development as between different areas. The societies in Salem and Nilgiris districts alone had contributed more than 70% of the total value of produce marketed by all the cooperatives in the state. The main factor which had led to this uneven growth may be attributed to the absence of service minded leadership in other parts of the state.

Societies which have been organised on Commodity basis have been successful. Majority of the cooperative marketing societies in the state had not even reached Rs.50 lakhs business turnover. Merchants and middlemen still predominate in the field of agricultural marketing in the state.
In South Arcot District paddy is cultivated in 2,28,990 hectares. This accounts for 10% of the area under paddy in the state. Groundnut production of this district is 16% of the state production. Area and production wise, South Arcot ranks first in gingelly crop, the respective percentage being 28.9 and 36.63 of the state. In cashew also the district ranks first in the state for the area under cultivation.

South Arcot district accounts for 8.39 percent of the total geographical area and 8.68 percent of the total population of the state of Tamilnadu. Percentage of people dependent on agriculture in the district is 77 as against 62 for the state. The district also supports proportionately larger share of the scheduled castes (12.29%) and scheduled tribes (10.33%) than the state.

7.2. ANALYSIS OF PAST PERFORMANCE

The location and area of operation of cooperative marketing society plays a key role in its business. The Cuddalore cooperative marketing society's Head-quarters may be shifted to mandi area so as to enable it to increase marketing business.

Though the individual membership showed increase over a period of five years from 84-85 to 88-89, business transactions have not increased in the same period.

All the primary agricultural cooperative banks in the area of operations of cooperative marketing societies have been affiliated to them. But there is no effective coordination and cooperation in business transactions.
In the share capital composition, the Government share capital participation is predominant. It constitutes about 60 percent of the total share capital.

The performance of outright purchase business of cooperative marketing societies in the district is far from satisfactory. The average value works out between Rs. 20 lakhs and Rs. 30 lakhs. This is far below the viability norm value of Rs. 1 crore fixed by the Registrar of Cooperative Societies.

Marketing of agricultural produce under agency system was also not satisfactory.

The average annual transaction under produce pledge loan was less than even Rs. 1 lakh in four societies. The high rate of interest charged for produce pledge loan was one of the inhibiting factors for low level of activity in this regard.

The individual maximum borrowing power for produce pledge loan differs from society to society.

The low level of transactions in respect of distribution of fertilisers indicate that the societies were not interested in this business. It was due to the fact that Tamil Nadu state Cooperative Marketing Federation was allowing less margin for fertiliser business.

The marketing societies in this district concentrated more on distribution of essential consumer goods business than on marketing.
No society in the district practices the system of pooling agricultural produce.

Only four societies have grading equipment and that too not adequately utilised by the farmers.

Most of the Primary marketing cooperative societies (PCMS) did not have basic infrastructural facilities and so farmers were not interested to visit PCMS.

Only three PCMS owned lorries and it was utilised for transporting consumer goods to the village societies and not for transporting agricultural produce of the farmers.

Except two PCMS all other societies have shown accumulated loss on account of their low level of business transactions.

7.3. PROBLEM AREAS OF MARKETING COOPERATIVES

So far what marketing cooperatives have achieved is very little when compared to what is expected of them. It is pertinent to revamp and revitalise the PCMS. There has been a progressive increase in the quantum of production loan issued year after year. But recovery of production loan dues from out of sales proceeds of members produce is very low. In 1988-89 it worked out 2.5% of production loan.

Out of 10 PCMS in South Arcot district only 4 PCMS that too, to a very insignificant extent have recovered the production loan dues of the members of primary cooperative bank out of the sale proceeds of their produce.
The failure to implement effectively the scheme of linking credit with marketing has resulted in mounting overdues of production loan issued by primary agricultural cooperative Banks (PACB).

The district central cooperative Bank (DCCB) should play an active role in the implementation of the scheme and may take action on the following lines.

The secretaries of PACB may be entrusted with the responsibility of assembling the produce of members and transport them for sale through PCMS.

The duties and responsibilities of the circle supervisors of the PACBs may be amplified so as to include the responsibility of implementing the scheme of linking credit with marketing in their respective circles.

The field managers of the central bank at taluk level may be made responsible for the overall implementation of the scheme at taluk level. They may also be made ex-officio-members of the board of directors of the marketing cooperatives.

Suitable incentive scheme in the form of award of prizes to the DCCB staff who show appreciable progress in the implementation of the scheme may be introduced.

The marketing officer of the DCCB may be in the cadre of Assistant Secretary of the bank so that he may supervise effectively the work of field managers, circle supervisors and secretaries of the PACBs in so far as it relates to marketing of agricultural produce.
The funds required for PCMS may be assessed by DCCB which may also ensure uninterrupted flow of funds to the PCMS for undertaking marketing activities.

Suitable propaganda and publicity activities may be undertaken by the DCCB district cooperative union and the PCMS to bring home farmers the advantage accruing to them on account of marketing through PCMS.

Some farmers are not aware of the existence of a regulated market and even those who know, are ignorant of benefits of sale through the regulated market. Market committee officials should undertake wide publicity about the usefulness of the regulated market.

As television is becoming popular in villages also now-a-days, programmes on the marketing of agricultural produce through regulated markets must find place in the television.

The State Government and the State cooperative bank may persuade the NABARD to provide cash credit loan to PCMS at a concessional rate as being given for Seasonal agricultural operation.

There should be an effective tie-up arrangements between the PCMS and the consumer cooperatives.

The Tamilnadu Cooperative Marketing Federation, as the Apex marketing society has a special responsibility to ensure the successful implementation of the scheme and it may therefore take action on the following lines.

The promotional and assessment cell established in the federation with the financial assistance of the National Cooperative Development Corporation may evince
keen interest in the implementation of the scheme and assist the PCMS in tackling their problems relating to technical aspects of marketing and dissemination of market information in disposing of marketable surplus in the area, the quantity to be procured by the society and make effective tie-up arrangements with consumer cooperatives.

The federation may provide advances to the PCMS or cause advances to be made to these societies by consumer cooperatives which intend purchasing the commodities.

To wean away the influences of the well-established private trade over the years, and to create an awareness of the benefits of cooperative marketing in the minds of the farmers, the Tamil Nadu Cooperative Union may undertake effective propaganda and publicity measures.

The implementation of all these suggestions will help the PCMS in South Arcot district to improve their effectiveness in marketing of agricultural produce. In view of the fact that processing occupies a strategic position in agricultural marketing, schemes for establishment of processing units have been formulated.

The new development programme of making the primary producers as owners of processing ventures will help augmenting their income which will ultimately results in improving the standard of living of their life.

In India the creation of the National Dairy Development Board is the first step in promoting cooperative processing units.
By organising cooperative processing units, the farmers net income can be increased, new job opportunities will be created in the rural areas, the surplus will be used for further expansion of processing facilities, and the profit out of processing units will be judiciously shared by the farmers, producer, industrial worker and management.

Marketing cooperatives have installed processing plants like cotton gins, rice hullers, groundnut decorticators, oil expellers etc. With the financial assistance provided by the state Government and National Cooperative Development Corporation.

Due to the procurement policy of the Government (levy policy) the rice mills were not in a position to work to the maximum installed capacity. Most of them are undertaking custom hulling only. In view of the above situation the Government may exempt the cooperatives from levy.

To ensure full and profitable utilisation of the processing units and marketing of finished products proper tie-up arrangements with spinning mills and consumer cooperatives have to be made.

Cashewnut is one of the main crops in the area of Panruti PCMS. If the society installs a modern scientific cashew processing unit it can improve the sales and thereby augment its income besides helping the cashew growers to get remunerative price for their produce.
There is always a time delay in between production, marketing and consumption, storage enables the consumer to satisfy his wants through out the year. For the farmer producers, it eliminates losses arising from low prices for his produce immediately after harvest.

In South Arcot district all the 10 PCMS have godowns. As regards utilisation of godown capacity, 3 societies have made cent percent utilisation, 5 societies between 50% and 80% and the remaining one society have 25%.

The performance of the Chidambaram PCMS in utilisation of its godown capacity needs special mention. It has not only made full utilisation of its godown but it has also taken on rent 3 godowns and ensured cent percent utilisation of all the 3 godowns.

Most of the godowns have been constructed in remote interitor areas, due to inadequate transport facilities, farmers have not utilised the godowns. Hence, in future, site for construction of godowns though it may be costlier should be purchased in market centres and necessary subsidy may be given to the societies.

7.4. COOPERATIVE MARKETING SOCIETIES VIS-A-VIS REGULATED MARKETS

Establishment of regulated markets is one of the important remedial measures taken up by the Government for revamping the traditional structure of rural marketing.
Agricultural produce Markets Acts were enacted by a number of State Governments to safeguard the producers interest on the basis of the recommendations of the Royal Commission agriculture. Accordingly the Government of India and the State Governments have set up organisations to regulate the marketing of agricultural produce.

The conference on marketing and cooperation held at Jaipur in February 1956 laid emphasis on regulating the so far uncovered marketing centres in the country. The Royal commission on Agriculture considered the role of cooperative marketing societies as complementary to the market committee. Effective coordination should be fostered between the marketing division of the Agriculture Department and Cooperative Department. South Arcot Market committee stands first among the 14 market committee functioning in Tamilnadu. Farmers are losing interest in visiting regulated markets for disposing their produce. Cotton, groundnut and gingelly cultivating farmers from neighbouring districts of Chengai-Anna, North Arcot are bringing their produce to South Arcot market committee.

The South Arcot Market Committee is slowly loosing its percentage of business. 70% of the Notified agricultural commodities are being transacted outside the market yard. Though the objects of the cooperative marketing societies and regulated markets are one and the same, there appears to be a clash of interests and unhealthy competition
between the two in their actual working. This is due to lack of clear understanding of the functions of these two agencies. The cooperative marketing societies and the Regulated markets are the two major institutional agencies in the field of agricultural marketing. They should function in such a way as to supplement the efforts of each other.

7.5. MANAGERIAL EFFECTIVENESS

Management of cooperatives has become the biggest problem of these days. The main element which complicated the administration and management of a cooperative enterprise consists in the plurality of its objectives. The multiplicity of the economic and social objectives of a cooperative necessarily makes its split personality of both a business and a social institution. The authority and control in a cooperative is widely dispersed. The cooperative movement is a state with in the state having complementary roles. State partnership can help a new cooperative to start with an adequate capital base and attract requisite loan capital. The cooperative department should be able to work itself out in relation to the cooperatives which are able to develop their own financial and managerial sources. Cooperative finance can be broadly classified as internal finance and external finance. The sources of finance for marketing cooperative societies in Tamil Nadu has been two fold. They are owned capital and borrowed capital. The capital owned comprises of
of share capital and reserves. The percentage of capital borrowed in relation to owned capital has increased from 58.2 percent in 1984-85 to 100.6 percent 1988-89 there by registering an average rate of increase of about 8 percent from year to year. It could be easily concluded that the debt equity ratio in the initial years of the society would be at its maximum and over a period of working life the ratio could come down gradually. Reserves as percentage of owned capital shows an increase. The increase is to the extent of 5 percent on an average. Some of the PCMS maintain reserves to the extent of 1.1 percent to 10.5 percent of their owned capital. These PCMS have to strive hard to earn profits and to build up reserves. Borrowings from members has the advantage that the society pays comparatively low rates of interest without having to provide securities for the capital. During 1984-85 an average of 4.9 percent of capital borrowed has come from members in the form of borrowings. However, the average percentage of capital borrowed from members was low, ranging between 5.9 percent and 7.5 percent. The PCMS have to strive hard to increase this percentage in future. Of the 10 cooperative marketing societies barring villupuram and panruti PCMS, other societies have took more than one month for turning over its capital. Excepting villupuram PCMS all the other PCMS require more than a month for turning over its working
capital funds. In the case of fixed assets turnover the Tiruikoilur cooperative marketing society tops the table with 165.42 while Kallakurichi cooperative marketing society is at the bottom of the table with 12.08. Villupuram PCMS tops the table with 18.65 and Virudhachalam is at the bottom of the table with 2.46. In all Villupuram PCMS is the best among the societies selected as regards the marketing of agricultural produce. Majority of the marketing cooperative societies depend mostly on their own funds for their day-to-day activities rather than ploughed back funds. This shows that the marketing cooperative societies are not profit oriented ones and run mostly on their own funds. In case of current ratio the Kallakurichi PCMS performance is good and the performance of Panruti PCMS is not satisfactory. Gross profit ratio position of Gingee PCMS is better than all other societies. In the case of net profit ratio excepting 3 PCMS the rest of them are incurring losses. In essence by a comparison of all the above ratios, the villupuram PCMS can be chosen as the best among the PCMS in South Arcot District. Villupuram PCMS performance is best in the case of operating expenses ratio. Virudhachalam PCMS tops the list. Kallakurichi cooperative PCMS performance is the best with regard to financial expenses coverage ratio. In developing countries, the cooperatives could not attract suitable personnel because their image as employers is yet to
be firmly established. The personnel problem of cooperatives is further complicated by the fact that it is sought to be tackled in a fragmented manner. In the nascent stage of cooperative development the role of state in providing personnel to cooperative organisations can be of significance, but in the long run the cooperative system should aim at self-sufficiency in this regard. The federal cooperative organisation can play a valuable role by helping their affiliated organisations in the matter of personnel. Managerial personnel of the right calibre and experience has a crucial role in the successful functioning of PCMS and processing societies. At present most of the managers of the marketing societies are officials of the cooperative department on deputation with the societies. Most of the managers of the marketing societies are not experienced and properly trained and lack business acumen and managerial efficiency. In South Arcot District out of 315 employees of PCMS 185 employees belong to Xth standard and below category. Again only 45 employees have undergone general basic training in cooperatives and only one special officer/ cooperative sub-Registrar was deputed for special short-term job-oriented training. Marketing cooperatives should pay more attention to the training needs of their personnel and depute their personnel for special job-oriented short-term training programmes conducted by various training organisations at the state level and national level.
SUGGESTIONS

7.6.1 LOCATION

The Cuddalore PCMS is located in a remote area. In order to attract the farmers and buyers the society's location may be shifted to mandi area. Like that wherever PCMS are not located in main mandi areas may have to be shifted to mandi areas.

7.7. SHARE CAPITAL

Share capital contributed by Government in relation to the share capital contributed by other members showed an increasing tendency.

To overcome the problem of share capital shortage, the PCMS may resort to the practice followed by cooperative sugar factories. The sugar cooperatives are adopting a system of deducting certain percentage of amount from the cane price paid to members. This amount is converted into share capital. This has helped the sugar mills to augment their share capital base to a considerable extent. Likewise the cooperative marketing societies may deduct a percentage from the value of produce marketed by the members towards share capital. By this practice over a period of time they can be able to repay the Government share capital contribution and strengthen their share base, which may lead to more autonomy in their operations.

7.8. STRUCTURE OF COOPERATIVE MARKETING

The Cooperative marketing structure in the state
is a two-tier set up with the Tamil Nadu Cooperative Marketing Federation at the state level and 112 PCMS mostly at taluk level. PCMS at the taluk head quarters or mandi centres cannot normally be expected to keep close contact with the individual farmers at the village level. On the other hand, the PACB at the village level have intimate knowledge of the individual farmers. While they undertake the issue of production and other loans after obtaining funds from the central cooperative banks, distribute chemical fertilisers after getting supply from Tamilnadu Cooperative Marketing Federation and supply essential consumer articles after obtaining stocks from the cooperative wholesale stores there is no reason why these PACBS should not provide marketing service also to the farmers after obtaining assistance from taluk cooperative marketing societies. The present arrnagement of all primary cooperative Banks being merely enrolled as members of taluk PCMS does not help marketing of agricultural produce. Therefore, the PCMS structure in the state may be modified as a three tier structure, with the primary cooperative banks as the basic level unit, PCMS at the taluk level as the central unit and the Tamil Nadu Cooperative Marketing Federation as apex unit at the state level.

7.9. MODE OF PURCHASE IN COOPERATIVE MARKETING SOCIETIES

Majority of the PCMS undertake sale of agricultural produce on agency basis. Only few societies undertake outright purchase by making on the spot payment immediately
on delivery of the produce by the farmers. The system of outright purchase may be implemented in a big way so as to wean away the influence of the private traders. The restrictions that the amount involved by the PCMS in the outright purchase should not exceed the paid up share capital of the society may have to be removed.

The Government at present have stopped providing contribution to the special price fluctuation fund of the PCMS. The society may suffer loss due to the increase of outright purchase. So to reduce the loss, the Government may reconsider contributing to the price fluctuation fund for the purchase to be made from small farmers.

Pooling system of purchase under which the growers are enabled to get a portion of the probable value of the produce as advance so as to satisfy their immediate and pressing need for cash and a final price after pooling, processing and disposal after a period of time. This pooling system of marketing should be undertaken by the marketing cooperatives in a big way, after educating the farmers suitably on its advantages and after the societies equip themselves fully to implement this mode of purchase.

7.10 PRODUCE PLEDGE LOANS

In view of the low level of prices for the agricultural produce immediately after harvest and the pressing financial needs of the farmers at that juncture, they are forced to sell their produce at unfavourable rates. It is with
a view to preventing such distress sales and enabling the farmers to hold up their produce for sometime for a better price, the system of produce pledge loan was introduced in the PCMS. Though the requirement of the farmers for such produce pledge loans is very huge, the level of issue of such loans is very low. Therefore, it is necessary that the terms and conditions for issue of such loans need liberalisation. It is suggested that the rate of interest for produce pledge loans should be the same as far crop loans, that the NABARD should be prevailed upon to sanction credit limit for seasonal agricultural operations and for marketing of agricultural produce at one and the same rate of interest. The period of loan should not be restricted to 90 days. The individual maximum borrowing power should be on par with that of crop loan. The loan should be provided to all farmers who need it, irrespective of the fact whether they have crop loan outstanding or not.

7.11 PAYMENT OF MARKETING ADVANCE TO THE GROWERS:

Nilgiris PCMS is paying advances to its members to bring their produce from the production centres to the marketing yard of Mettupalayam to meet the transport charge and other incidental charges. These advances are collected from the sale proceeds of the members on the next day while making payment. This system undoubtedly induces the producers to sell their produce to the marketing society.
In order to create effective link between farmer members and the PCMS and to make the relationship closer, releasing them from the clutches of traders, all the PCMS should undertake marketing advances direct to the farmer members just before the harvest of crops to meet the harvesting expenses and other incidental family expenses. These advances will bind the members to bring, their produce to the PCMS for processing and marketing. This marketing advances will tie up the members with PCMS and save them from exploitation and cheating by the traders and middlemen.

7.12. CREDIT SALES TO MERCHANTS

The farmers of the Thiruchengode, Salem and Nilgiris PCMS who bring their produce for sale are paid the value thereof immediately after the auction is over. The sale proceeds are collected from the merchants subsequently. With suitable safeguards all the PCMS in the state should resort to this type of credit sales to merchants and payment of cash to the farmers immediately on delivery of goods.

7.13. FERTILISER DISTRIBUTION

It is obligatory for the PCMS to purchase their requirements of fertilisers from Tamil Nadu Cooperative Marketing Federation (TANFED) and the margin available to them is unduly low and they are not able to compete effectively with the private dealers in the fertiliser business. Hence it is suggested that while the linkage with TANFED
in the activity should necessarily continue, the federation may examine in greater detail the possibility of enhancing the margin to the PCMS to enable them to develop the business and supplying the type of fertilisers which the PCMS require.

7.14. CONSUMER BUSINESS

Distribution of essential consumer goods is a service function and there cannot be any objection to the marketing society doing the business if there were no other alternative agencies in the area, it will have to be borne in mind that involvement in consumer activities does not deter the development of marketing activity which is the primary objective of the PCMS.

7.15. PRICE GUARANTEE SCHEME

Due to various market factors as well as manipulation by private merchants, the farmers are not able to get a remunerative price for their produce. This position calls for implementation of a price guarantee scheme, to enable the producers to realise an economic price and avert the loss.

Implementation of price guarantee scheme is not new to the PCMS in the state. The Nilgiris PCMS at udagamandalam is already implementing informal price guarantee scheme for potato for the past several years. Potato brought for sale by the producers is auctioned by the society and whenever the merchants quote a lower price
which the farmer is not willing to accept, the society itself purchases the stocks at the guaranteed price and arranges for their sale. If there is a profit in the transaction, it is passed on to the members who supply the stocks. If there is a loss it is borne by the society itself and is set off from the price fluctuation fund created for the purpose. It is found that the guarantee of a minimum price to the farmers by the society has created a sense of loyalty on the growers towards the society and that a major portion of the marketable surplus of potato in the Nilgiris district is brought for sale through this marketing society.

7.16 MAHARASHTRA EXPERIMENT

Under the cotton monopoly procurement scheme implemented in the Maharashtra state, the cotton producers are assured of a guaranteed price and are thus protected from the price fluctuation in the market.

The TANFED which is the apex cooperative marketing organisation for the pCMS in the state with all the expertise in marketing agricultural produce, finance, manpower etc., at its command can be in overall charge of the implementation of the scheme in this state. The scheme should be implemented through the taluk level PCMS and the PACBS.

Full payment to the extent of the guaranteed price shall be made by the society to the agriculturists immediately on delivery of the produce. Final payment shall
be made soon after the stocks are disposed of after grading processing etc. If the transactions bring about profit, 3/4th of its shall be passed on to the members as bonus with reference to the value of the produce supplied by them to the society under the scheme and the remaining 1/4th credited to the special price fluctuation fund, created specifically for this purpose.

In view of the various advantages, the price guarantee scheme may be implemented by the PCMS in the state with the assistance of Agriculture/Horticulture departments in respect of one or two select crops on a pilot basis. If the experimental scheme shows signs of success, it may be extended to other crops in a phased manner.

The implementation of this scheme will certainly help reduce the exploitation of the farmers by the traders and middlemen.

To avoid the overlapping and non-coordination among the departments of agriculture and cooperation in matters relating to the control of regulated market and PCMS, Cooperative Department may be assigned the role of coordinating them similar to the situation obtained in Maharashtra.

7.17 INFRASTRUCTURAL FACILITIES

One of the important reasons for the poor progress of some of the PCMS is the absence of adequate infrastructural facilities. The minimum requirement for orderly marketing are transaction shed, drying yard, storage godowns, processing plants, grading equipment and transport
vehicles. Supporting facilities to be provided in these societies are, banking premises, transport vehicle shed, processing unit shed etc. Majority of the PCMS in the state are lacking these facilities. As this is a matter of great importance, a detailed assessment of the requirement of each and every PCMS should be made and a master plan prepared for the societies as a whole in the state. National Cooperative Development Corporation may extend liberal financial assistance for such a master plan.

7.18. LINKING OF CREDIT WITH MARKETING

a. The members of PACBs should be the members of the PCMS.

b. Issuing of loans should be intimated to the PCMS and the borrowers should be identified to the PCMS personally.

c. Repayment of loan should be made only through the PCMS. For this statutory provisions may be made.

The policy pronouncement of the Government should be stable and clear in the issue and collection of crop loans.

d. The supervisory staff of the DCCBs should work in the PCMS exclusively for the issue and recovery of the loans through sale proceeds of the borrowers.

7.19. PRIMARY AGRICULTURAL COOPERATIVE BANKS

a. It should enroll all its members of the PCMS.

b. While sanctioning the loan amount, details of the borrower members such as loan amount, period of loan etc. should be sent to the PCMS.

c. The primary cooperative bank should identify the
the borrowers who brought their produce to the PCMS for
marketing.

7.20 DISTRICT CENTRAL COOPERATIVE BANK

The District Central Cooperative Bank should appoint
a liaison officer to coordinate the collection work.

Tamil Nadu Cooperative Union should undertake effe-
cctive propaganda to educate the members regarding this
scheme.

7.21. COOPERATIVE DEPARTMENT

Periodical review may be made by the Regional Joint
Registrar for the effective implementation of the scheme
and targets to the PACBs and the DCCBs may be fixed
besides fixing targets to the PCMS concerned.

At present, PCMS in Tamilnadu are drifting without
any clear direction, except a target to achieve for the
year in terms of value of produce marketed, they do not
have any commitment by way of service to the grower members
for whose interest they have been constituted. There
is a need to chalk out a long term plan to cover more
and more growers by effective service and to increase
the market share of cooperatives in respect of individual
commodities. The insignificance of the role now played
by the cooperatives in the field of marketing is evident
from the fact that the marketing share of cooperatives
in the state is only 3% of the total agricultural produce
marketed in the state.

To increase the market share of the cooperatives
in respect of marketing of agricultural produce of the members, they should select one or two major crops both food and commercial crops cultivated by majority of growers in the area and which can be readily marketed within the state.

The PCMS should draw out a list of growers of such crops within its area of operation. It will be better if such a list is prepared village society wise so that a close linkage can be established between the lending for and the marketing of such crops. Attempt should be made to admit almost all the growers into the marketing society. The extent to which these growers had been covered will reflect the strength of the society. The ultimate success of the society depends on the efficiency of its operations and effectiveness of its approach in providing marketing service to such growers.

To begin with PCMS shall concentrate on one or two major crops produced in the area and attempt to cover by marketing a percentage of the marketable surplus of the growers who have obtained cultivation loans from the PACB for these crops. The PCMS have to steadily increase the percentage of coverage. In course of time, the link between the primary cooperative banks and cooperative marketing societies on the one hand and that between the cooperative marketing societies and cooperative wholesale stores on the other hand should be developed to a greater extent so that the objective of linkage can be achieved.
PROCESSING OF AGRICULTURAL PRODUCE

In South Arcot District annual capacity utilisation of the rice-mills of 5 PCMS was between 5% and 25% and other 5 PCMS have not been using the rice mill on their own due to Government policy of levy supply. Hence Government may think of exempting cooperatives from supplying 50% of the paddy procured by them to the Government as levy. This will enable the PCMS to utilise the rice mills to maximum capacity.

A detailed feasibility study has to be undertaken to assess the potential for processing activities for the entire state and a master plan drawn up. The PCMS in the state implement the scheme with financial and with technical assistance from National Cooperative Development Corporation.

By establishing effective tie-up arrangement with spinning mills the PCMS can profitably run their ginning units.

Fruit and vegetable processing, Dhall milling, cattle and poultry feed manufacturing, liquid glucose making, cashewnut processing etc. are some of the agro-based industries for which processing plants can be established by the PCMS.

In order to overcome the marketing bottlenecks proper tie-up arrangements between, PCMS on the one hand and consumer coop. wholesale stores, poultry cooperatives
spinning mills, dairy cooperatives etc. on the other hand had to be effectively established.

7.23. GODOWNS

Most of the godowns have been constructed in remote interior areas. Due to inadequate transport facilities farmers have not utilised the godowns to the fullest extent. Hence in future, site for construction of godowns, though it may be costlier should be purchased in market centres and necessary subsidy may be given to the societies by National Cooperative Development Corporation and State Government.

Minor repairs, white washing and painting should be undertaken as and when the damage is noticed.

Trees may be planted in vacant spaces in order to safeguard the walls of the godowns from soil erosion. Godown accommodation may be extended to ordinary members in addition to those who desire to pledge the produce, for this the society should take necessary steps for propaganda. Warehousing receipts issued by the State and Central warehousing corporations were recognised as negotiable instruments by the nationalised banks, this recognition shall also be extended to cooperative godowns. As far as possible care should be taken to discourage traders from utilising the storage accommodation. Fumigation, loading and unloading facilities should be ensured.
7.24. **REGULATED MARKET**

Activities of the market committee are mainly to provide necessary facilities for the sale and purchase of agricultural produce within the market yard.

7.25. **RESTRICTION OF SALE AND PURCHASE OF NOTIFIED AGRICULTURAL PRODUCE WITHIN THE MARKET YARD**

When notified agricultural commodities are permitted to be transacted outside the market yard, the purpose of setting up of a regulated market is defeated to a large extent as many transactions are conducted outside the market yard. Hence it is desirable for restricting the sale and purchase of notified agricultural commodities within the market yard. If it is not done then office of the market committee remains only for the collection of market fees on notified agricultural commodities.

7.26. **SUPERVISION BY OFFICIALS OF THE MARKET COMMITTEE**

The Committee officials should take keen interest in the transactions so as to create faith and confidence among the farmers.

7.27 **MARKET INFORMATION**

An effective pricing mechanism is dependent on well informed buyers and sellers. Farmers are to be informed about prevailing prices in different markets.
for securing proper value for their produce. Radio Broadcasting on prices of agricultural commodities serve as a powerful media of information because of illiteracy in rural areas.

Success of the regulated market depends upon the extent to which the private trade is eliminated. Transactions in the market yard should be made more attractive for the farmers to bring their produce for sale. Fair dealings should be ensured so as to enable the farmers to secure a reasonable price for their produce. The market committee should make its existence justified by the fulfilment of aims for which it is constituted.

7.28 FINANCIAL PERFORMANCE

Internal sources of finance were not encouraging. Hence this source should be developed by mobilising maximum share capital and ploughing back surplus.

Some of the PCMS maintain reserves to the extent of 1.1 to 1.5 percent of their owned capital. They should strive hard to earn profit and to build up reserves.

Capital turnover ratios and assets turnover ratios for majority of the PCMS were below the standard norms. Hence they should try to increase the sales and bring down the ratios to the normal standards.

As regards solvency ratios excepting two PCMS all others performance was not satisfactory. They may try to improve the solvency position.
7.29 PERSONAL MANAGEMENT

Managerial personnel of the right calibre and experience has a crucial role to play in the successful functioning of cooperative marketing and processing societies. There is heavy dependence on officials of the cooperative department for manning the chief executive position of the societies. Most of the managers of the PCMS are not experienced and adequately trained, and lack business acumen and managerial efficiency. As such TANFED may take up the responsibility of recruitment and placement of qualified personnel in the service of primary marketing cooperative societies.

Further marketing Cooperatives should pay more attention to the training needs of their personnel and depute their personnel for special short-term job oriented training programmes conducted by various training organisations at the national and state levels.