CHAPTER VI

AGRICULTURAL NON-CREDIT MOVEMENT: COOPERATIVE MARKETING

The Cooperative Movement in India started purely as an Agricultural Credit Movement. The Cooperative Societies Act of 1904 was, in fact, purely a credit societies act. The importance of Agricultural Non-Credit Societies, or, in other words, Agricultural Non-Credit Movement was recognised after many years of the development of Agricultural Credit Movement.

The experience gained so far in the Credit Sector showed the need for extending the cooperative activities in the Non-Credit Sector too. The policy of the Government of India was thus to emphasise both the Credit and Non-Credit aspects of Agricultural Cooperative Societies. The Agricultural Credit Movement had to be promoted side by side with the development of the Agricultural Non-Credit Movement. Of the agricultural non-credit societies, Agricultural Marketing and Supplies began to occupy the pivotal roles in the movement.

Significance of Cooperative Marketing:

The importance of cooperative marketing arises in consideration of the fact that the weak and small producers
find it very difficult to sell their produce at reasonable prices without incurring losses and thus, free themselves from the state of being exploited by the strong and organised middlemen such as moneylenders, traders, commission agents, etc.

For reasons of poverty, ignorance, etc. the small producers' shares of the prices of their produce are always lessened with the change in the character of crops and fluctuations in prices of related goods. The small producers cannot withstand the strong competition from these organised middlemen who still thrive in spite of the change in the character of crops and healthy competition from market forces. These middlemen make profits out of the link established between the primary producers and the final consumers. The higher the profit they obtain in the link, the higher shall be the price to be paid by the consumers for the produce raised by the primary producers, and the lesser will be the share of the latter in the price paid. There will, thus, be a gulf of difference between the price paid by the consumer and the price realised by the actual producers. This is indeed a bitter experience of distribution. The aim of cooperative marketing is to eliminate such evils of distribution.
In most of the developing countries of the Third World where agriculture is the mainstay of the people, agricultural cooperative marketing has to play an increasing role in their agricultural development. The acute poverty and gross illiteracy of the majority of agriculturists in this country also necessitates that supply of agricultural requisites and sale of agricultural produces are not entrusted to those who do not toil for actual production, but must be entrusted to the actual producers themselves or to some other agency which would perform the functions of marketing in their behalf. As a matter of fact, in a predominantly agricultural country like India where capital shortage, unorganised credit, large-scale illiteracy, and conservatism of the rural people are the rules, all production efforts will go unrewarded unless a solution is evolved for a well developed and scientifically organised marketing system. The aim of increasing income of the farm population may also not be realised even at high production level if the system of market remains still unorganised and non-regulated. It cannot be denied that the task of marketing of farm produce is as important as any labour put in to produce it.

To-day, cooperative marketing stands out to be the best agency which may undertake the supply of farm requisites
and sale of farm produce in an attempt to bring about a well developed marketing system in the agricultural economy of this country. Cooperative marketing has developed as an important segment of the Agricultural Marketing. Many cooperative marketing societies, right from the primary marketing societies upto the national level federation, have been organised in the country.

The primary aim of these marketing cooperatives is to bring about an orderly and regulated system of marketing of agricultural produce of the farm population and to supply them with agricultural requisites. The marketing of farm produce forms a vital link in the chain of rural economic development. In India the Royal Commission on Agriculture in 1928 emphasised the importance of marketing in the agricultural sector in the following words, "the prosperity of the agriculturists and the success of any policy of general improvement of agriculture may depend to a very large degree on the facilities the agriculturist community has at its disposal for marketing to the best advantage such of the produce as is surplus to its own requirements."

It would be worthwhile to recall here the words of the Marketing Committee of the United Nations Conference on Food and Agriculture, held in October, 1945 at Quebec. The Committee stressed the importance of marketing as "Marketing is the crux of the whole food and agricultural problem. It would be useless to increase the output of food; it would be equally futile to set up optimum standards of nutrition unless means could be found to move food from the producer to the consumer at a price which represents a fair remuneration to the producer and is within the consumer's ability to pay."\(^2\)

The case for marketing on cooperative lines has become very strong in modern agricultural economy. Cooperative marketing always seeks to promote intelligent collective action in the sphere of distribution besides improving production. It thus seeks to benefit not only the small producers by securing better prices and creating more reliable markets for them, but also other consumers by giving them a more reliable supply at low prices. The principle of lower prices to the consumers and higher prices to producers is always adhered to by the cooperative

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marketing societies. A cooperative marketing society will thus seek to eliminate the waste and muddle in the capitalist system of distribution and to by-pass the profit seeking middlemen. It does not mean direct marketing. Rather it means the setting up of a marketing agency which would be owned and controlled by the producers themselves. It would develop into a movement in itself, whose main objectives, among other things, are to educate the farmer-producers in the art of commerce and to develop cooperative leadership among themselves, to improve the standard of production and finally to give them more adequate rewards than they would obtain under isolated efforts. The basic objective of cooperative marketing is thus to strengthen the economic position of the farmer-producers by increasing their collective bargaining power and facilitating joint action or operation for mutual benefit.

The need for cooperative marketing arises even under normal market conditions as a means for exercising salutary influence on marketing. Organisation of marketing cooperatives managed on democratic principles has become a must in a socialistic pattern of society that aims at equitable distribution, as in our country, and for correcting unhealthy market conditions. Even in the United Kingdom, where marketing of agricultural produce is well
organised, the Linlithgow Committee observed that, "The spread between producer's and consumer's price is unjustifiably wide. Taken as a whole, distributive costs are a far heavier burden than what the society will permanently consent to bear."³ Experiences in many advanced countries have shown that cooperative marketing can reduce this burden on the primary producers with advantage. A cooperative marketing society can exert more control over the prices of the members' produce and thus offset the monopolistic power in the hands of a few buyers. Such advantages may not be attainable if the producers sell independently. A publication prepared by F.A.O. pointed out that, "a cooperative can often differentiate sales product and it can stimulate demand by advertising and other means that would be uneconomical for the individual member alone .... At the minimum, it should be able to increase the bargaining power of the producers and recapture for them part of the value of the product that was being diverted into monopolistic profits."⁴

Development of cooperative marketing will, thus, have a healthy impact on market trends and help stabilise prices.

⁴. Ibid., p.5.
It is, in short, an essential pre-requisite for large-scale expansion of credit, input supplies, and for providing an in-built mechanism for recovery of production credit, thereby linking credit with marketing.

**Agricultural Cooperative Marketing Movement in Manipur:**

The Cooperative Marketing Movement came to Manipur only in the fifties of the present century, many years after the introduction of the Movement in the rest of the country.

For many years Manipur had a sizeable surplus of paddy and rice after meeting the normal requirements of the people of the State. But the bitter experience was that foodgrains trading in paddy or rice was exclusively in the hands of the middlemen right from the beginning of the present century. The cooperatives could handle only an insignificant proportion of such agricultural produce including other cash crops. The middlemen who were mostly traders-cum-moneylenders exploited the small agriculturist-producers in the State by charging exorbitant rates of interest on the money they lent to the agriculturists and by paying them lower prices for their produces.

Realising the gravity of the situation and the importance of cooperatives in marketing of agricultural
produces the Manipur Administration decided to organise marketing cooperatives in the State during the late fifties. The Manipur Apex Cooperative Marketing Society was, thus, registered as an apex society on 17-4-1957. The establishment of this Society marked the beginning of the Agricultural Non-Credit Movement or, in other words, the Agricultural Cooperative Marketing Movement in Manipur. In fact, the Society was established with a view to undertaking inter-state trade in such articles and agricultural commodities as was considered expedient and desirable. The Society had thus to purchase and sell agricultural and minor forest produces directly or on commission. It had also to procure, store and distribute pesticides, seeds, agricultural implements and other essential domestic requirements of the members and non-members. Besides, it also aimed at taking up processing and manufacturing activities.

*Progress of the Manipur Apex Cooperative Marketing Society:*

The progress so far made by this apex marketing society has to be taken as the progress of the Marketing Movement in this State as the primary marketing societies at the base level are few and weak. Though the structure of Cooperative Marketing in the State is a two-tier one comprising the primary marketing cooperatives and other
village societies at the base level and the Manipur Apex Cooperative Marketing Society at the apex level, there are few primary marketing cooperatives doing marketing business as viable units.

The Apex Marketing Society started its business operation from March, 1958. As there were only a few primary marketing societies at the base level of the marketing structure, other village level societies were admitted as its members. The Manipur Administration also became a member of the Society from the very inception. In the early years of the growth of the Society, only cooperative societies were admitted as members of it and no room was provided for admission of individual members in its bye-laws. In view of the inadequacy of membership the original bye-laws of the Society were amended to give room to a limited number of individuals in the name of 'Sympathiser Members'. But the main defect of such an allowance was that most of the individual sympathiser members happened to be well-to-do merchants, although the bye-laws did not allow membership to such persons. The Society's bye-laws were, thus, subject to further amendments to give room for membership to the agriculturists. As per the new bye-laws of the Society, membership of the Society is opened to (i) Agricultural Cooperative Societies; (ii) other societies with the previous approval of the Registrar
of Cooperative Societies; (iii) individual sympathisers not exceeding five; (iv) individual agriculturists (in case cooperative societies are not formed). 5

The share-capital position of the Society is such that the State Government is the main contributor from the very beginning. Contribution from the affiliated cooperative societies and individual members are quite meagre. This is proved by the fact that even after three years of its working the Society's total paid-up share capital was only Rs. 0.73 lakh. The share capital of the Society, however, increased along with the increase in the membership, but the increase was not proportionate to the increase in membership. This is particularly true in respect of the cooperative societies affiliated to the Society. For example, even though the membership of the Society increased to 315, 319 and 320 respectively in 1978-79, 1979-80 and 1980-81, its paid-up capital remained unchanged at Rs. 4.21 lakhs during the three years. Of the paid-up capital of Rs. 4.21 lakhs, the State Government contributed as much as Rs. 3.73 lakhs each during the three years, the shares contributed by the cooperative societies

5. The bye-laws of the Manipur Apex Cooperative Marketing Society Ltd.
and the individual members being Rs. 0.41 lakh and Rs. 0.07 lakh respectively. 6

Due to the lack of confidence by the people the society cannot attract adequate deposits. Till the fifth year of its working the society could not attract any deposits from the members and non-members. The members on the Board of Management of the Society also did not take any initiative for attracting deposits. The deposit-position of the Society is still weak. The Society's financial resources come from share-capital contributions and borrowings from the Manipur State Cooperative Bank and from the State Government. The Society, thus, became a financially weak institution from the very beginning of its operation and such a weak financial position became quite critical during the years of the Sixth Five Year Plan. The general progress of the Society in respect of its membership share capital, working capital, purchases and sales, etc. is shown in table No.6.1 below.

Table No. 6.1: General Progress of the Manipur Apex Cooperative Marketing Society (1957-58 to 1984-85).

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Members</th>
<th>Paid-up Share Capital</th>
<th>Of which Govt. share</th>
<th>Working Capital</th>
<th>Loans &amp; Borrowings</th>
<th>Purchases</th>
<th>Sales</th>
<th>Profit(+) or Loss(-)</th>
</tr>
</thead>
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<tr>
<td>1957-58</td>
<td>36</td>
<td>0.54</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>0.01(+)</td>
</tr>
<tr>
<td>1958-59</td>
<td>64</td>
<td>0.76</td>
<td>N.A.</td>
<td>N.A.</td>
<td>0.26</td>
<td>N.A.</td>
<td>N.A.</td>
<td>0.02(-)</td>
</tr>
<tr>
<td>1959-60</td>
<td>73</td>
<td>0.77</td>
<td>N.A.</td>
<td>1.65</td>
<td>0.87</td>
<td>7.08</td>
<td>7.48</td>
<td>0.03(+)</td>
</tr>
<tr>
<td>1960-61</td>
<td>118</td>
<td>0.82</td>
<td>0.73</td>
<td>4.57</td>
<td>2.98</td>
<td>6.70</td>
<td>5.08</td>
<td>0.03(+)</td>
</tr>
<tr>
<td>1961-62</td>
<td>150</td>
<td>1.92</td>
<td>1.73</td>
<td>3.49</td>
<td>1.55</td>
<td>2.04</td>
<td>6.24</td>
<td>0.65(-)</td>
</tr>
<tr>
<td>1962-63</td>
<td>183</td>
<td>1.98</td>
<td>1.73</td>
<td>4.50</td>
<td>1.90</td>
<td>9.81</td>
<td>8.19</td>
<td>0.24(-)</td>
</tr>
<tr>
<td>1963-64</td>
<td>190</td>
<td>2.99</td>
<td>2.73</td>
<td>5.76</td>
<td>2.27</td>
<td>12.97</td>
<td>10.81</td>
<td>0.69(-)</td>
</tr>
<tr>
<td>1964-65</td>
<td>205</td>
<td>2.99</td>
<td>2.73</td>
<td>5.76</td>
<td>N.A.</td>
<td>14.11</td>
<td>3.11</td>
<td>0.64(-)</td>
</tr>
<tr>
<td>1965-66</td>
<td>210</td>
<td>3.01</td>
<td>2.73</td>
<td>4.68</td>
<td>1.56</td>
<td>3.91</td>
<td>7.70</td>
<td>0.07(+)</td>
</tr>
<tr>
<td>1966-67</td>
<td>210</td>
<td>3.01</td>
<td>2.73</td>
<td>4.60</td>
<td>1.54</td>
<td>8.07</td>
<td>7.45</td>
<td>0.14(+)</td>
</tr>
<tr>
<td>1967-68</td>
<td>N.A.</td>
<td>3.09</td>
<td>2.73</td>
<td>N.A.</td>
<td>1.45</td>
<td>17.57</td>
<td>22.00</td>
<td>0.34(+)</td>
</tr>
<tr>
<td>1968-69</td>
<td>222</td>
<td>3.10</td>
<td>2.73</td>
<td>4.52</td>
<td>1.36</td>
<td>27.25</td>
<td>7.90</td>
<td>0.04(+)</td>
</tr>
<tr>
<td>1969-70</td>
<td>224</td>
<td>6.11</td>
<td>2.73</td>
<td>4.98</td>
<td>0.81</td>
<td>7.73</td>
<td>6.99</td>
<td>0.42(-)</td>
</tr>
<tr>
<td>1970-71</td>
<td>229</td>
<td>4.12</td>
<td>2.73</td>
<td>4.98</td>
<td>0.81</td>
<td>14.68</td>
<td>13.50</td>
<td>0.32(-)</td>
</tr>
<tr>
<td>1971-72</td>
<td>237</td>
<td>4.14</td>
<td>2.73</td>
<td>4.80</td>
<td>0.81</td>
<td>13.21</td>
<td>21.07</td>
<td>0.17(+)</td>
</tr>
<tr>
<td>1972-73</td>
<td>253</td>
<td>4.14</td>
<td>2.73</td>
<td>5.62</td>
<td>1.28</td>
<td>32.03</td>
<td>23.10</td>
<td>0.27(+)</td>
</tr>
<tr>
<td>1973-74</td>
<td>262</td>
<td>4.16</td>
<td>3.73</td>
<td>6.02</td>
<td>1.55</td>
<td>27.49</td>
<td>34.45</td>
<td>0.18(+)</td>
</tr>
<tr>
<td>1974-75</td>
<td>271</td>
<td>4.18</td>
<td>3.73</td>
<td>7.68</td>
<td>0.96</td>
<td>23.70</td>
<td>39.76</td>
<td>4.01(+)</td>
</tr>
<tr>
<td>Year</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
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<td>-----</td>
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<tr>
<td>1975-76</td>
<td>279</td>
<td>4.18</td>
<td>3.73</td>
<td>6.82</td>
<td>0.95</td>
<td>50.35</td>
<td>55.09</td>
<td>0.93(-)</td>
</tr>
<tr>
<td>1976-77</td>
<td>298</td>
<td>4.19</td>
<td>3.73</td>
<td>10.03</td>
<td>2.93</td>
<td>22.66</td>
<td>67.32</td>
<td>1.16(+)</td>
</tr>
<tr>
<td>1977-78</td>
<td>310</td>
<td>4.20</td>
<td>3.73</td>
<td>12.32</td>
<td>7.80</td>
<td>16.87</td>
<td>14.82</td>
<td>2.06(-)</td>
</tr>
<tr>
<td>1978-79</td>
<td>316</td>
<td>4.20</td>
<td>3.73</td>
<td>19.71</td>
<td>15.10</td>
<td>7.10</td>
<td>6.04</td>
<td>1.48(-)</td>
</tr>
<tr>
<td>1979-80</td>
<td>319</td>
<td>4.21</td>
<td>3.73</td>
<td>18.20</td>
<td>3.49</td>
<td>4.53</td>
<td>4.62</td>
<td>3.97(-)</td>
</tr>
<tr>
<td>1981-82</td>
<td>320</td>
<td>4.26</td>
<td>3.73</td>
<td>19.03</td>
<td>4.94</td>
<td>2.33</td>
<td>2.29</td>
<td>3.97(-)</td>
</tr>
<tr>
<td>1982-83</td>
<td>320</td>
<td>4.31</td>
<td>3.73</td>
<td>20.15</td>
<td>14.84</td>
<td>3.48</td>
<td>2.42</td>
<td>1.32(+)</td>
</tr>
<tr>
<td>1983-84</td>
<td>325</td>
<td>4.32</td>
<td>3.73</td>
<td>24.05</td>
<td>18.14</td>
<td>1.37</td>
<td>7.87</td>
<td>0.40(+)</td>
</tr>
<tr>
<td>1984-85</td>
<td>324</td>
<td>4.32</td>
<td>3.73</td>
<td>24.06</td>
<td>18.14</td>
<td>5.96</td>
<td>9.91</td>
<td>0.05(-)</td>
</tr>
</tbody>
</table>

N.A. : Not available

Business Operations of the Society:

The figures of purchases and sales of the Society are shown in columns - 7 and 8 in table No. 6.1 above. These figures attempt to show the progress achieved by the Society in its business operations. But, we have to devote a little more attention to the actual business undertaken by the Society in recent years as the figures do not fully portray the real picture of the business undertaken by it.

Though the financial position of the Society is quite weak, even then, in recognition of the increasing importance of cooperative marketing, the Society was entrusted with the activities such as procurement of paddy and rice for the Manipur Administration as the sole procuring agency; the monopoly right for procurement and distribution of sugar in the State during the days of control; procurement and distribution of skimmed milk powder; lifting and distribution of C.I. Sheets allotted to the State for agricultural purposes.

The task of procurement of paddy and rice was entrusted to the Society with the sole responsibility in June, 1958. It is noteworthy that during the first three years of its functioning, the Society could handle paddy
and rice of the quantities of 23,928 maunds in 1957-58, and 27,729 mds. in 1958-59 and 31,756 mds. in 1959-60.  

The monopoly right for procurement and distribution of sugar in the whole State of Manipur was granted to the Society from April, 1961 onwards. The total quantity of sugar handled by the apex society during the year 1960-61 alone amounted to 11,375 mds. The Society was not, however, granted the entire quota for distribution of sugar after some time, and only 50 p.c. of the quota was entrusted to it later on.

As regards other activities of distribution, the Society was not granted the entire quota for distribution of C.I. Sheets, kerosine oil, manures, insecticides, improved seeds, etc. The Society had to wait for a decision from the Manipur Administration for obtaining necessary accommodation from the Manipur State Cooperative Bank and the State Bank of India in regard to the allotment of entire quota, and the progress of distribution was thus hampered to that extent.

In 1960-61, it was agreed that the procurement and distribution of dry fish in Manipur would be done through the Society. Further, it was agreed in principle in the same year that, in pursuance of the policy of the Government of India, the distribution of chemical fertilizers should be left exclusively in the hands of the Society which would undertake the distribution through its various centres and member-societies.

These are the broad indications of the business of the apex marketing institution in the sixties. Besides, as extra items the Society took up marketing activities in respect of some essential commodities such as salt, chillies, moida, etc. The Society, thus, developed a fancy for dealing in consumer goods with a view to catering to the needs of the rural people and earning extra profits.

At present, the Society is mainly handling distribution of fertilisers and its business activities in the field of marketing of agricultural produce and distribution of consumer goods are negligible as is evident from the table given below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fertilisers</td>
<td>55.29</td>
<td>66.85</td>
<td>73.96</td>
<td>85.19</td>
<td>66.20</td>
</tr>
<tr>
<td>2. Agricultural produce</td>
<td>17.25</td>
<td>0.60</td>
<td>2.50</td>
<td>0.35</td>
<td>0.68</td>
</tr>
<tr>
<td>3. Consumer goods</td>
<td>-</td>
<td>0.45</td>
<td>0.60</td>
<td>0.30</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>72.54</td>
<td>68.10</td>
<td>77.26</td>
<td>85.64</td>
<td>67.08</td>
</tr>
</tbody>
</table>


The complete picture of the business operations of the apex marketing society are drawn as follows :

(I) **Distribution of fertilisers** : The Society's business activities in regard to distribution of fertilisers began to take a real shape from the year 1964-65 onwards. The society was assigned the role of a wholesaler by the Manipur Administration under a mutual agreement arrived at between it (the Society) and the Department of Agriculture. The modus-operandi for the operation of the scheme was decided as follows :-
(a) The Society shall have to stock the fertilizers procured by the Agriculture Department from other agencies in the Society's own godowns or other godowns hired by the Society.

(b) Secondly, the Society shall sell on credit or on cash those fertilisers through the agents duly appointed by the Department.

(c) Thirdly, the Society was to be responsible for collection of the proceeds of sales made either on credit or on cash payment, and had to make onward remittance to the Director of Agriculture.

This system of distribution or sales of fertilisers continued up to the year 1974-75. Within a period of 10 years, i.e., from 1964 to 1974, the Society deposited a sum of Rs. 126.69 lakhs with the Agriculture Department against Rs. 165.48 lakhs payable to the Department. And, within the next two years (1974-1976) the Society could deposit Rs. 55.68 lakhs against a payable amount of Rs. 55.90 lakhs. And, during the year 1976-77, the Society deposited Rs. 57.74 lakhs against a payable amount of Rs. 60.30 lakhs. Thus, at the end of March, 1977 a balance of Rs. 41.58 lakhs remained outstanding against the Society.
The Society could, however, pay to the Department only Rs. 10.60 lakhs out of the outstanding of Rs. 41.58 lakhs during the period from 1-4-1977 to 31-3-1981. The total outstanding dues payable by the Society to the Agriculture Department by the end of March, 1981 were still of the order of Rs. 28.79 lakhs.\(^6\)

The main reason for this considerable magnitude of outstanding dues was the credit sales of fertilisers by the Society and subsequent difficulty of recovery from the agents. The Department of Agriculture has been recovering the outstanding dues since the year 1977 by adjusting the transport and storage commission payable to the Society. The dues could not, however, be made up even after adjustment of the entire commission payable to the Society. Thus, the fertiliser accounts between the Society and the Department of Agriculture could not be reconciled even over the past 20 years. There arose claims and counter-claims between the Society and the Department, and which, instead of being settled, were left undecided. Such a situation worsened the financial position of the apex society.

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\(^6\) Based on the data compiled by the NCDC Study Team on the Manipur Apex Cooperative Marketing Society (21-23 April, 1981), N.C.D.C., May, 1981.
Misutilization of funds is also sometimes seen in the working of the Apex Society. For example, in its attempt to defray the transport, fuel and labour charges and other establishment expenses the Society was compelled to utilise a margin money of Rs. 10.00 lakhs which were granted by the NCDC for marketing of agricultural commodities. The NCDC Study Team on the Manipur Apex Cooperative Marketing Society (April 21-23; 1981) took note of such misutilization and advised the Society not to continue such things later on.

The Society sold fertilizers on credit to cooperatives, other governmental departments and individual agents. As a result, a sum of Rs. 17.53 lakhs stood as outstanding dues by the end of September, 1980. Efforts to recover the dues from cooperative societies and individuals in a short period of time were of no avail, because these cooperatives had in turn sold the fertilizers on credit to the farmers. The individual agents also sometimes practised sales on credit and, in certain cases, because of unpopularity of fertiliser-use, stocks were piling up for 4 to 5 years. Some government departments

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have not cleared their dues to the Society even after a long period of their purchase. Some of the outstanding dues have, therefore, turned out to be bad debts difficult of recovery. Recovery in respect of outstanding dues against the individual agents also became difficult, but these individuals accounted for a small proportion of the overdues. Out of the total outstandings of Rs. 17.53 lakhs as on September 1980, cooperative societies accounted for as much as Rs. 8.23 lakhs, Government Departments Rs. 8.62 lakhs and individuals Rs. 0.68 lakh only. 10

The Society's business in fertiliser distribution was thus affected to a considerable extent.

Unless the State Government and the Department of Cooperation evolve some policy measures to relieve the Society of its mounting overdues payable to the Agriculture Department the Society will continue to be in bankruptcy and may not be able to handle fertiliser distribution to fulfill the avowed objectives. It is, therefore, desirable that the cases of default by the cooperative societies are brought to the notice of the Registrar of Cooperative Societies who, in turn, should examine each case minutely

and make recommendations for writing off the bad debts, if found necessary. The same process may be followed in the case of defaulting individuals whose cases are to be settled after proper examination by the concerned society and the Registrar or the Department of Agriculture. As far as possible, the Department of Agriculture should adjust the outstanding dues payable to it by the Apex Society against those dues payable to the latter by it and other Government Departments.

The Apex Society has also been incurring losses in handling fertiliser business on commission basis @ Rs. 65.00 per MT (metric tonne) for items such as storage, loading and unloading, transport charges, etc. due to steep rise in prices for these charges. The present rate of commission which was effective from 1-4-1977, therefore, requires revision. It is desirable that the commissions are paid regularly without adjusting any part thereof against the outstanding dues of the Agriculture Department or the State Government. Only then, the Society may be able to meet its operational expenses and undertake fertiliser business effectively.

The whole working of the Society needs streamlining and rationalisation and, as this may take some time, it
would be better for the Society to continue as wholesale commission agent, as at present, with increased distribution margins until such time when it has acquired enough non-overdues cover. Afterwards, the Society could be better given the entire responsibility of fertiliser distribution including the responsibility for procurement of fertilisers from the manufacturers as is being done in other States of India. The Department of Agriculture should also shed its business activity of fertiliser procurement and entrust it to the Apex Society. The Department should, however, be responsible for overall coordination and formulation of policies as is done in other States.

As regards sales, utmost care should be taken by the Society not to sell the fertilisers on credit even to the government departments as a lesson has been taught to it by the past experience. The method of cash sales should always be adhered to. It is also desirable that the Apex Society gives priorities to the cooperative institutions like G.P. level MPACS and LAMPS for undertaking retail distribution. The working of the Society may then be streamlined.

II. Marketing of Agricultural Produce: Though the Manipur Apex Cooperative Marketing Society was established
with the main objective of marketing of agricultural produce in the State, the Society's performance in this regard is quite poor. There are fluctuations or variations in this business from year to year. For example, while the total marketing business undertaken during the year 1976-77 was of the order of Rs. 17.60 lakhs (for paddy, Rs. 14.00 lakhs, for maize Rs. 2.38 lakhs and for wheat Rs. 0.24 lakhs), it reduced to Rs. 0.63 lakhs only (for paddy and rice, Rs. 0.33 lakh and for other commodities Rs. 0.30 lakh) in the year 1979-80.11

The main reason for the low performance is the lack of business competence and organisational experience on the part of those members on the Board of Management. Lack of adequate resources has also been responsible for this poor performance. Much concerned about this lack of resources the NCDC granted in 1978-79 and 1979-80 a margin money of Rs. 10.00 lakhs to this Society to facilitate large-scale marketing of agricultural commodities. The Apex Society, however, misutilised the said margin money in fertiliser business and partly in repayment of old debts to the Agriculture Department. Sometimes, the Society also followed an unwise policy of advancing

procurement loan to the individual growers without proper security. Such mismanagement resulted in many business losses.

Fresh efforts have, therefore, to be made for marketing of agricultural produce on a regular basis. The Society should be aware of the healthy situation that the State of Manipur produces not only locally consumed commodities such as paddy and rice, mustard seeds, potatoes and bananas but also important cash crops like maize, wheat, ginger, pine-apple, oranges, cardamum, etc. which may fetch remunerative prices to the growers. The marketable surplus of these agricultural commodities has been assessed at 2 lakh tonnes for paddy, 20,000 tonnes for maize and 8,000 tonnes for ginger.¹² The Apex Society should prepare annual plans for procurement and marketing in a phased manner on the basis of these assessments, keeping in view the past experience and the difficulties to be involved in the marketing of these commodities.

The Society should also seek close collaboration and coordination from NAFED without whose support it may not be able to undertake considerable business. On the

basis of the plans formulated and prepared in collaboration with NAFED, it may undertake procurement operations on behalf of NAFED. NAFED, in turn, must be responsible for marketing of the procured commodities in terminal markets outside the State.

As the procurement operations would require additional qualified technical staff at different centres, the Society should arrange for training additional staff at the Regional Office of NAFED in Calcutta. These personnel should be well-trained in the modalities of purchasing, quality control, storage, weighing, shortage and damage and other related matters so that they may be able to procure goods of the right quality according to the specifications determined by NAFED.

In order to enable the Apex Society to compete with the private traders in regard to marketing of commercial crops like maize and ginger outside the State, the State Government should exempt it from export duty on these items. It should also recognise the Apex Society as a procurement agent for the commercial crops in its price support policy.

On the other hand, the Apex Society should use its affiliated G.P. level MPCS, LAMPS and other PACS as
its agents for procurement of agricultural commodities. Where necessary, it may also establish other procurement agencies in key areas. The Society may also take up marketing of other agricultural commodities like onion, potato, dal, egg, etc. which have been hitherto imported by the private traders from outside the State, as an agent of NAFED on commission basis for meeting the internal consumption needs of the people. NAFED should also provide the Apex Society with necessary technical and financial support in order to enable it to undertake such marketing activities.

Thus, as a strategy for increasing the share of cooperatives in marketing of agricultural produce, the following additional measures may also be adopted.

First, the F.C.I. and other government agencies should use the Apex Society as their procurement agent for commodities like paddy and wheat, and adequate funds should be provided to this Society for facilitating procurement during harvesting seasons. This strategy has also been accepted in principle by the Managing Directors of State/National Cooperative Marketing Federations in a meeting held at Bangalore on the 13th and 14th May, 1980.\footnote{Minutes of the Business Meeting of Managing Directors of National/State Cooperative Marketing Federations held at Bangalore on 13th & 14th May, 1980, p.10.}
Secondly, it is necessary to remove the inadequacies found in this state in regard to the operation of markets and sub-markets. The restrictions for purchase and sale of agricultural commodities stipulated in the State Agricultural Produce Markets Act have inhibited the development of cooperative marketing in this state. There is, therefore, a dire need for closer coordination between the Manipur Apex Cooperative Marketing Society and these markets. The markets should be well regulated and, if there is any restriction in buying and selling of agricultural produce which retards the business efficiency of this society, efforts should be made to amend the State Agricultural Produce Markets Act.

The state government should review the State Agricultural Produce Markets Act and modify it so as to facilitate procurement of foodgrains and other items by the village level cooperatives and marketing societies outside the mandies on behalf of the Manipur Apex Cooperative Marketing Society. The government may also explore the possibilities of recognizing the godowns of village level cooperative marketing societies as sub-market yards or collection centres. This aspect of increasing the share of marketing cooperatives in foodgrains procurement was also much stressed by the conference of state ministers.
of Cooperation held at New Delhi on the 24th and the 25th January, 1973. 14

Thirdly, there is the need for a substantial improvement in Market News Service both at the State and Central level to improve the marketing conditions prevailing in this State. Lack of knowledge of up-to-date market rates and conditions has posed as a big obstacle in the smooth working of the marketing cooperatives. In this State, there is still lack of market intelligence, on account of which the prices of agricultural commodities do not move in harmony. It is, therefore, required to disseminate the market information more effectively through improved Market News Service.

Fourthly, in order to meet the losses arising from price fluctuations, it is necessary that the Manipur Apex Cooperative Marketing Society creates the Agricultural Commodities Price Fluctuations Fund out of its own profits. The State Government should also contribute towards this Fund.

14. Proceedings of the Conference of State Ministers of Cooperation (24th to 25th Jan., 1973), Govt. of India, Ministry of Agri. (Deptt. of Corporation), New Delhi, 1973. p. 44.
Fifthly, the Apex Society should also set-up a Technical and Promotional Cell of its own, which would provide market intelligence to its affiliated Societies. This will also facilitate the smooth operation of inter-State trade.

Lastly, the Apex Society should also make special arrangements for marketing of agricultural and minor forest produce in the tribal areas. Marketing should be undertaken in respect of commercial crops like ginger, turmeric, pine-apple, etc. which are found in plenty in the hill areas by engaging the LAMPS in these areas as procurement agents. The Apex Society may also request NAFED for financial support in respect of marketing of certain exportable commodities produced in these areas. It may, in consultation with the State Government, make satisfactory arrangements for price support of agricultural commodities in the hill areas, and request the Government for providing additional subsidies which would help bring remunerative prices to the producers.

III. Distribution of Consumer Articles: As regards distribution of essential consumer goods the Manipur Apex Cooperative Marketing Society may be said to have played an insignificant role. However, in view of the vast needs
of the people of the State for essential consumer goods, the distribution of which may not be fully carried out by the consumer cooperatives alone, there arises the need for assigning the Apex Marketing Society with a complimentary role for supply of such commodities.

In addition to the activities the Society undertakes at present such as distribution of fertilisers, procurement of food grains and marketing of other agricultural produce, etc., it may take up a new programme of bulk procurement and distribution of certain highly essential consumer goods of mass consumption. The Society with its improved organisational structure, other infrastructural facilities and a network of G.P. level MPCS, LAMPS and other marketing cooperatives, may be entrusted with the procurement and distribution of certain selected items like salt, pulses, sugar, cement, G.C. Sheets, Steel rods and bars, etc. It may also act as an agent of NAFED to procure and market perishable commodities like onions and potatoes on a limited scale. This will help stabilise prices of essential consumer goods whose supply mainly rests in the pocket of the private traders till today. In the rural and tribal areas where no separate primary consumer cooperatives would be organised, the Apex Society may use the G.P. level MPCS and LAMPS as its agents for
distribution of these essential goods and, in the urban areas, it may distribute vegetables, fruits, etc., for the urban people through fair price shops.

Besides, in course of gradual development in the size and operations of its activities, the Apex Society may pick up, step by step, other items of distribution in collaboration with NAFED and N.C.C.F. (the National Consumers Cooperative Federation) by ensuring an organised link-up with the Consumers Federation in the State.

The future relationship between the marketing and consumer sectors should be based on the pattern of merger of the two sectors, as this stands out to be the most suitable policy in a cooperatively underdeveloped state. Repeated instructions or directives have been given in the past for ensuring an effective coordination between the two types of institutions, but as yet there is little sign of rapport between the two in this State. The main reasons for this are traceable to lack of infrastructural facilities in the marketing sector such as non-existence of viable marketing societies at the village level, and other organisational weakness, etc.

Of late, the Manipur Cooperative Consumers' Federation has been organised in the consumers sector. The Manipur
Apex Cooperative Marketing Society may function as the State level Federation of marketing cooperatives. An organic link should be established between the two institutions so that their coordinated working may promote increased business activities of both of them and, ultimately make Integrated Marketing System a successful endeavour. Arrangements for mutual representation on the Boards of Management of the two apex bodies and formation of a Joint Coordination Committee of both the bodies may be made so as to achieve greater coordination between the two.

**Linking of Credit with Marketing:**

The scheme of linking of credit with marketing was introduced in Manipur in the year 1961-62 with a view to achieving the following objectives:

(i) The outstanding crop loans will be adjusted against the collection of crop and each borrower will be relieved of the worry of being charged penal overdue interest for late repayment of the crop loans.

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15. Registrar of Cooperative Societies, Government of Manipur.
(ii) The service cooperatives, large sized societies and marketing cooperatives, while handling the surplus produce, will not only make themselves busy and experienced, but will also be able to make some profit for themselves which would have otherwise gone to the private dealers.

(iii) The most important advantage of this scheme from the point of view of the general economy of the State is the stabilisation of prices. This can be made possible by ensuring staggering of the sales throughout the year according to the demands of the consumers.

To implement the scheme the Registrar of Cooperative Societies empowered the Large Sized Societies to act as marketing societies until a net-work of primary marketing societies is set up throughout the State. These societies had to follow the principle of purchase on agency basis. Outright purchases had to be made in special cases with the permission of the Registrar and in consultation with the Manipur Apex Cooperative Marketing Society which was the chief sponsoring agency.

In the year 1961-62 the Manipur State Cooperative Bank issued Rs. 15.00 lakhs as crop loan to be linked with marketing. Marketing supervisors for supervising
the work of collection, transport and storage in the case of Marketing Section and the supply of agricultural and consumption requirements in the case of Consumers Section were appointed for successful implementation of the scheme. The amount of crop loan issued increased year after year, but the increases in such amounts were not correlated to the responses made by the borrowing members in selling their surplus crops through the cooperatives. Very little could be achieved by way of marketing of the surplus produce of the borrowing members. The scheme of linking of credit with marketing was thus a failure during the sixties. 16

Attempts were further made for implementing the scheme since the reorganisation of the PACS into viable units - LAMPS in the hill areas and G.P. level MPCS in the Valley by forming these cooperatives the base of the infrastructure of marketing cooperatives. But the scheme still remains a theoretical proposition due to the lack of government support and lack of coordination between the Manipur State Cooperative Bank, the Apex Marketing Society and the subsidiary cooperative institutions. Besides, other infrastructural inadequacies such as absence of proper storage arrangements, processing facilities, lack of trained

16. Ibid.
personnel and, above all, inadequacy and inelasticity of cooperative finance, have been responsible for the failure of the scheme. As a matter of fact, the Manipur Apex Cooperative Marketing Society, the chief sponsoring agency of the scheme, has been exposed to all sorts of competition from private traders in the absence of an assured field of business.

In spite of the failure of the scheme of linking of credit with marketing, there is still a wide scope for making such a cooperative endeavour successful in the near future. We should not, therefore, overlook the importance of marketing in an Integrated System or Scheme of Rural Credit. There is an erroneous opinion in some quarters that if increased production takes place, then adjustments in the marketing methods and institutions will follow automatically. This is a serious mistake which will be detrimental to the total development of the agricultural economy.

Indeed, the success of cooperative marketing societies has become a part and parcel for the successful working of an Integrated Scheme of Rural Credit. The importance of marketing in an Integrated System of Rural Credit was well emphasised by the Planning Commission of
India in the following words, "The primary consideration for the development of agricultural marketing is to re-organise the existing system so as to secure for the farmer his due share of the price paid by the consumer and subserve the need of planned development. To achieve these objects, malpractices associated with buying and selling of agricultural produce have to be eliminated, arrangements made for the efficient distribution of marketable surpluses from producing to consuming areas and cooperative marketing developed to the maximum extent possible. Rural marketing and finance have to be integrated through the development of marketing and processing on cooperative lines." 17

In recent years there has been a proposal for issue of production credit by marketing and processing societies. Such a provision of production credit by marketing co-operative societies has been found to be an effective way of ensuring integration and link between credit and marketing. An instance of effective linking of credit with marketing operations is provided by the experience of the Cooperative Sugar Mills at Dergaon in Assam and

the Surat Cotton Area of Gujrat. Similar experiment may be done by the Manipur Apex Cooperative Marketing Society through a net-work of cooperatives affiliated to it.

The diversification of sources of production credit should, however, be enforced as an interim measure until such time when the cooperative credit structure is activated in this State. It should also be noted that such a scheme is particularly applicable to the production of cash crops. The Manipur Apex Cooperative Marketing Society should, therefore, take necessary initiative for selection of the suitable areas, in consultation with the Registrar of Cooperative Societies for such an integrated Marketing System. It should not but agree with the Dantwala Committee on Cooperative Marketing which recommended that in areas where the agricultural credit societies are not in a position to advance production credit, the marketing/processing societies may be in a better position to advance such credit, and at the same time forge an effective link of credit with marketing thus ensuring prompt recovery. This view was also endorsed by the Conference of the Chief Ministers and State Ministers of Cooperation held at Madras on 12th June, 1968.18

cooperative marketing. To ensure implementation of the scheme, the Apex Society should seek necessary guidance and support from the NAFED, the State Government and the Central Government.

Conclusion:

As the Society is financially very weak it cannot at present take up many substantial work envisaged under the Plans. Procurement and distribution of chemical fertilisers has become the only significant business undertaken by this Apex Marketing Society. However, considering that there is substantial scope for marketing of agricultural produce; supply and distribution of chemical fertilisers and agricultural requisites as well as linking of credit with marketing to be undertaken by the Society as a premier marketing organisation, there is a greater need for augmenting the capital structure of the Society. In fact, the institution will remain inactive, incapable of discharging its manifold functions effectively, unless and until its financial position is strengthened. The following measures may be adopted for strengthening the financial position of the Society.

1. First, the Society will have to strengthen its owned capital structure by mobilising additional shares
and more deposits from the members and the State Government. It has to see that dividend and patronage refunds are given to the members so as to attract more shares.

Second, the financial requirements of the Society should be properly assessed and firm arrangements for meeting these requirements should be made in advance.

The State Government should increase its contribution towards the share capital of the Society, subsidy for employment of managerial staff and the long-term loans for construction of godowns to enable the Society to expand the magnitude of its marketing activities. It should also increase the quantum of working capital loans granted to the Society. Besides, the term-loans repayable by the Society to the State Government may be re-scheduled so that the Society may not be required to repay it during the three-four years when it will be reorganised and revitalised.

Third, in order that the Society may avail itself of the facilities of financial accommodation from the State Bank of India and other commercial banks including the State Cooperative Bank it is necessary that the complications in the procedures for obtaining loans are removed
and that loans are made available under liberalised terms and conditions. Arrangements for adequate marketing finance will, therefore, involve a re-orientation of the policies and procedures followed by these financing institutions.

As a matter of fact, the slow growth of the cooperative marketing movement in this State requires a more flexible and liberal assistance designed to suit its local conditions and needs. Any rigidity in the application of uniform pattern of assistance throughout the country will not prove much helpful in this regard.

There is an erroneous view among some cooperators that marketing system may be improved solely by providing modern physical facilities such as large-scale wholesale markets, storage and processing plants, super-markets and highways. Such a view ignores the more important aspect of provision of institutional and operational framework which are instrumental in making the existing and additional physical facilities viable and in effecting the necessary changes in the marketing system in consistence with the goals of economic development.

Solving marketing problems is, thus, primarily a question of organizational decision making, management,
institution building, motivation and provision of incentives. The question of financing investment occupies only a secondary position. It is, therefore, necessary that innovations in marketing methods and systems should be introduced simultaneously with improvement of marketing facilities, infrastructures and structural/operational arrangements.

Assuming that the Society's financial problem is solved to some extent, the following measures may again be adopted for bettering the whole marketing structure in the State.

Fourth, the present cooperative marketing structure in the State cannot be improved much without support from the State Government. It is desirable that those who are responsible for formulation of policies and programmes for development of cooperatives make an in-depth examination of the possibility of working within and through the existing marketing system rather than look for an entirely new substitute, and try to meet simultaneously all the problems in production, marketing and consumption activities of the producers and consumers. To attempt to find a novel substitute will prove to be too ambitious since all the problems of production, marketing and
consumption in the cooperative sector will have to be grappled simultaneously.

The State Government should thus initiate measures for enacting the required legislation and ensure proper implementation of the statutory provisions in regard to regulation of markets by availing themselves of the assistances given under the Central Scheme for Development of Selected Regulated Markets and also of the advantages of the Central Scheme for Development of Rural Primary/Wholesale Markets. They may also constitute the State Agricultural Marketing Board or Committee for controlling and supervising all the market yards in the State.

Fifth, as most of the primary marketing societies at mandi level are weak and unviable, the C.P. level MPCs and LAMPS should be entrusted the work of marketing of agricultural produce and supply of agricultural requisites as agents of the Manipur Apex Cooperative Marketing Society by providing each of them with a godown cum-office. The viability criterion of the Society at mandi level should be taken into account while planning for successful marketing and other integrated activities.

The Working Group on Rural Credit & Cooperation - Mid-Term Plan (1978-83) has proposed for the development
of cooperative marketing in an integrated manner - the primary cooperative marketing societies at mandi level have to be linked up with the PACS, and there has to be an integrated functioning of these village level societies, the State level Federation and the national level Federation.

Sixth, in view of the weak marketing structure in this State there is a dire need for organisation of marketing cooperative societies along with the implementation of the programme of revitalisation of the existing societies. But the question is whether the pattern of organisation would take a 'single commodity' or 'multi-commodity' type of organisation.

The best type of economic organisation pertaining to marketing cooperatives would be to follow a flexible approach as opposed to the rigid approach followed in any one of the two types of organisations mentioned here. The Committee on Cooperative Marketing (Dantwala Committee), 1966 observed in this connection that no rigid approach is desirable in regard to organisation of single commodity marketing societies.

19. National Congress of Marketing Cooperatives (11th & 12th April, 1978), New Delhi - Background Papers, NAFED, New Delhi, p.56.

In general or multi-crop areas, the general purpose marketing society can itself deal in crops. However, in areas of concentration of a particular crop, e.g., cotton, sugar-cane, jute, etc. which requires specialisation, a single commodity society for the particular crop may be organised considering its viability. For this State where development of cooperative marketing is still in its infancy and where the marketable surplus of any single commodity is small, it is desirable to organise multi-commodity marketing societies.

Seventh, the location and area of operation of the marketing societies should be determined according to the trade convenience. Administrative factors have nothing to do with this determination. This view has also been well expressed in the First Regional Seminar on Cooperative Marketing held at Agra from the 15th to 18th February, 1961.\(^1\)

According to the Committee on Cooperative Marketing (Mantuala Committee), 1966, the ideal location of a cooperative marketing society is at the mandi centres and

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that its area of operation should be co-terminus with hinterlands of the markets concerned.

Eighth, the organisational structure of the Manipur Apex Cooperative Marketing Society requires rationalisation. It will be a matter of surprise that out of 289 societies affiliated to this Apex Society as on March, 1981, only 30 societies were working regularly, the rest being either defunct or under liquidation. It is, therefore, necessary that the Registrar of Cooperative Societies examines the position in respect of each affiliated society and takes necessary measures for weeding out those which are defunct or do not have any business link with the apex society. Side by side, attempts should also be made for bringing in those good working societies within the fold of the marketing structure.

The areas covered by the three districts in the Valley and five districts in the Hills are very small compared with those in other States of India, and therefore, there is no need of introducing a new tier at district level in addition to the existing two tier marketing structure. Too many tiers may rather accentuate the problem of inefficiency in marketing. It will, therefore, be better to strengthen the existing structure by making the Societies
at the base level strong and viable. No doubt, five District Supply & Marketing Cooperative Societies have been established in the five hill districts to undertake supply and marketing activities in these areas. But the marketing activities of these societies are almost negligible, their business being confined mainly in the supply of consumer items. It is desirable that these societies also act as the agencies of the Apex Marketing Society for marketing of agricultural, horticultural and forest produces. Thus, there must be a two-tier marketing structure comprising the primary marketing societies including G.P. level MPCS in the Valley and LAMPS and District Supply & Marketing Societies in the Hills at the base level, and the Apex Marketing Society at the apex level. As regards inter-State trade, the Apex Marketing Society should establish a close link with the NAFED and the NCCF, the national level federations.

Ninth, along with the above re-structuring, the bye-laws of the Apex Society should be so modified as to promote its activities and to provide for larger participation by the LAMPS and G.P. level MPCS and the District Supply & Marketing Cooperative Societies in the Board of Management of the Society. It is observed that though the bye-laws of the Society do not provide for the
individual members' seats on the Board of Management, individuals are sometimes admitted. Steps should, therefore, be taken to reduce the number of such members as far as possible.

Tenth, the managements of the Apex Society as also of other affiliated societies are not efficient. The Board of Management of the Society stood superseded by the State Government from 3-11-1978 and an Administrator appointed by the Government was heading the institution. It is also observed that there has been a frequent change of the Government Administrators and that, very often, they function on part-time basis. Moreover, they are in most cases junior officers wanting in experience in cooperative marketing.

Lack of continuity in top management and placing the Institution in the hands of untrained junior officials have, thus, been responsible for the inefficient management of the Society. However, considering the wide range of marketing activities to be undertaken by this Apex Society it has become quite imperative to have a full-time Administrator who should be a senior officer drawn from the State Civil Services Cadre or from the I.A.S. as is done in other States of India. The Administrator has to
be supported by a whole-time General Manager drawn from amongst the senior officers of the Cooperative Department. The Administrator and the General Manager should serve in their respective posts for at least five years.

The Apex Society should, thus, adopt a proper personnel policy for employing professional men with practical business acumen and marketing experience. It should also promote better understanding and proper relations between the Executives and the Directors, between the Directors and the members, and also between the employees and the members.

The Board of Management of the Apex Society should be so constituted as to secure appropriate representation of all the major interests involved in the functioning of the Society. As far as possible, care should be taken to see that elements of wasted interests are eliminated.

For achieving its avowed objectives, the Apex Society should have technically qualified personnel to run its business on sound lines. The Society should, therefore, create a cadre of marketing personnel with the assistance from the State Government and other national Federations like NAFED and NCDC. It may avail itself of
the facilities of the NCDC's scheme of T & P Cells (Technical and Promotional Cells) in the State Cooperative Marketing Federations. However, as suggested by the NCDC, the Society should see that the technical posts are filled in only by officers with adequate experience and business acumen. 22

The establishment of a Cooperative Technical Service in addition to a Cooperative Administrative Service had been envisaged as early as 1954 by the Rural Credit Survey Committee. The First Regional Seminar on Cooperative Marketing held at Agra in February, 1961 recommended that apex marketing societies should be enabled to institute cadres of cooperative marketing personnel. The Mehta Committee on Cooperative Administration (1963) was also in favour of formation of such common cadres. The Conference of State Ministers of Cooperation in June, 1964 recommended that State Marketing Federations should establish in each State a cadre of experienced managers and accountants. The NCDC which considered the matter in detail in 1965 accepted in principle the need for creation of common cadres for certain types of cooperative institutions and suggested that the federal organisations

should be enabled to create suitable pools of personnel for lending them to the affiliated institutions. Such a pool can be the nucleus of a future cadre. The Committee on Cooperative Marketing under Prof. Dantwala also supported this view of the NCDC. The Conference of the Chief Ministers and State Ministers of Cooperation held at Madras on the 12th June, 1968 endorsed the view, "Each apex marketing society may be enabled ...... to build up a pool of personnel consisting of persons suitable for marketing and processing societies. The pool will be utilised for lending suitable personnel to the affiliated institutions. In due course the pool will form a nucleus of a common cadre of key personnel of cooperative marketing/processing societies."  

Of late, the Conference of the State Ministers of Cooperation held at New Delhi on 24th and 25th January, 1973 emphasised, "In some of the cooperatively under-developed States, the present practice of deputing Government officers to the Cooperative Marketing/Processing Societies might have to continue until such time as the

common cadres are built up. In such cases, the present method of deputing officers in a haphazard manner without reference to the aptitude, experience, etc. of the officers, was undesirable and not in the interests of the development of the societies concerned. The State Governments should draw up panels of suitable officers of different grades, selected with reference to their aptitude, qualifications, experience, etc. and give them suitable training. All vacancies arising in marketing/processing societies should be filled up from such panels and the officers included in the panel might be rotated within the same sphere of activity, e.g., cooperative marketing/processing, etc. so that they could acquire specialisation."

The Government of Manipur should take note of this suggestion and help the Manipur Apex Cooperative Marketing Society to build up a cadre of managerial personnel specially for marketing activities.

Eleventh, a study carried out by the NCDC Study Team on the Manipur Apex Marketing Cooperative Society from the 21st to 23rd April, 1981 highlighted the

24. Proceedings of the Conference of State Ministers of Cooperation held at New Delhi (24-25 Jan., 1973) - Govt. of India, Ministry of Agri. (Deptt. of Cooperation), pp. 43-44.
organisational deficiencies of the Society such as lack of effective accounting and budgeting procedures and internal audit system. It is found that the statutory audit of the Society is in arrears from 1972-73 onwards, and that misutilization and embezzlement of funds are not rare cases.

It is, therefore, suggested that the State Government deputes experienced officers from its Audit/Accounts Department as Accounts Officer to this Society. The Accounts Officer must be responsible for maintenance of accounts of the Society up-to-date and accurate. It is also desirable that the Registrar of Cooperative Societies deputes adequate and qualified auditors to this Society to audit the accounts of the Society and that the statutory audit in arrears are brought up-to-date. As far as possible, the statutory audit should be completed within six months of the completion of every cooperative year. A system of concurrent audit may also be introduced in the Society so as to help expedite the statutory audit.

The Apex Marketing Society may also introduce monthly management information systems about its business operations and financial position. It can prepare quarterly, half-yearly and annual accounts within a stipulated period
so as to facilitate the smooth conduct of the audit. The Meeting of the Registrars of Cooperative Societies & Managing Directors of State Federations held at New Delhi on the 22nd and 23rd April, 1982 strongly recommended this.25

Twelfth, the Apex Society may act not only as the main agency for marketing of major agricultural crops in the State but also act as the main agent for the F.C.I. or any other State Trading Authorities which are engaged in the procurement and marketing of agricultural produces. Competent marketing supervisors or panchayatdars should be appointed for effective collection and procurement work. Vigorous publicity drives about the benefits of cooperative marketing should be made to make the collection of produce and recovery of loan successful. When the size of the business of the Apex Society increases enormously at the mandi centres, planning must be done to open Sub-Collection Centres, taking into account the trade convenience and the costs to be involved. In such cases, the Apex Society should devise measures to cover the village 'hats' even in the hill areas, where the villagers use to assemble their agricultural produce for sale once or twice a week.

25. Recommendations of the Meeting of Registrars of Cooperative Societies & Managing Directors of STATEFEDS (22-23 April, 1982), N.C.O.C., New Delhi, p.47.
The Apex Society may also be given the right of monopoly procurement and the responsibility of distribution of goods presently taking place on government to government account. At present, the Civil Supplies Department of the State Government has almost threatened the utility of this Apex Society. It is, therefore, suggested that a part of the business of the Department may legitimately be entrusted to this Apex Society as it gains in strength and becomes viable within two-three years. Besides increasing the scope of activities of the apex society, this will also partially give relief to the Civil Supplies Department which is now overburdened.

To attain maximum operational efficiency and to facilitate inter-State trade, the marketing cooperatives or other societies engaged in marketing shall have to take to grading, pooling and standardisation of the agricultural produce and other commodities. Pooling and grading should be tried in suitable places by persuading the producers to accept the idea as such functions are significant in efficient marketing.

If the marketing cooperatives are to serve the small farmer-producers they should, as far as possible, make outright purchases subject to certain limitations. The
First Regional Seminar on Cooperative Marketing at Agra (15-18 February, 1961) suggested in this regard, "Outright purchases should ordinarily be made in respect of the produce of members who are small farmers and who, therefore, cannot afford to wait". The Committee on Cooperative Marketing (1966) also expressed a similar view.

It is, however, important that care is taken to ensure that the supply of marketable surplus purchased from the grower-members is adjusted to the demand. For, if the supply becomes superfluous and exceeds the demand, prices would decline and the very purpose of marketing may thereby be defeated. The marketing cooperatives shall, therefore, have to see that an equilibrium is reached between the supply and the demand. And, in order to enable the cooperatives to write off certain losses in suitable cases they should create Special Reserve Funds. The State Government should also make necessary grants towards such funds.

In order that the small producer-members are able to derive maximum advantages from the marketing of their

produce through the cooperatives, the latter should observe the principle of 'patronage refund'. That is to say, they should adopt the system of paying patronage refund to their members as and when they undertake marketing of the produce of the members. In regard to this principle, the Seventh Indian Cooperative Congress held at New Delhi from the 5th to 7th February, 1976 called upon the marketing societies at all levels in all the States and Union Territories to adopt the system of paying patronage refund to their members in proportion to the business transacted with them, whether they make outright purchase or accept the sale of members' produce on a commission basis. Such patronage refund may be made at the time of initial purchase itself when the societies anticipate assured surpluses.

Thirteenth, in the matter of sales of produce of the growers by the marketing societies on agency basis the question arises as to whether the quantum of commission to be charged by these cooperatives should be the same as prevalent in the local market or should be less. However, considering the local conditions, it may, in general, be advantageous to the cooperatives as well as to the producers

not to disturb the existing rate of commission even though there is elimination or reduction in other customary charges. Even when the situation demands a reduction of commission, it should be made after the cooperative concerned has grown in strength.

Fourteenth, the marketing cooperatives should be placed at an advantageous position vis-à-vis other private traders in regard to the payment of sales tax, purchase tax, etc. The Manipur Apex Cooperative Marketing Society should be exempted from payment of such taxes and other customary charges. The Conference of the State Ministers of Cooperation (1973) at New Delhi recommended in this connection that the State Governments might consider ploughing back to the marketing/processing societies concerned the sales/purchase taxes collected from them in the form of long-term loans or share capital for their development. 28

Fifteenth, in view of the large scale marketing business to be undertaken by the Manipur Apex Cooperative Marketing Society in the near future, there is a greater

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need for adequate storage facilities. It is necessary that a cold-store is attached at this Apex Society.

As regards storage facilities for foodgrains and other crops, rural godowns should be constructed at suitable rural sites or attached to the office-cum-buildings of the affiliated village societies. As the State is cooperatively quite underdeveloped and the Government finds it difficult to make adequate provision for additional storage programme, maximum financial assistance from the NCDC under the Central Sector Scheme for construction of godowns should be requested. The Conference of the State Ministers of Cooperation held at New Delhi on 24th and 25th January, 1973 recommended at 90% raise in such an assistance of the NCDC. The Conference of the Registrars of Cooperative Societies held at New Delhi on the 6th and 7th September, 1971 had also urged the Central and State Governments for financing such a programme. It is also desirable that the societies are allowed to repay the godown loans at a time advantageous to them and in small

29. Ibid., p.58.

instalments, preferably after the completion of the building of godowns. The First Regional Seminar on Cooperative Marketing at Agra (15-18 February, 1961) recommended the repayment of loan provided to the marketing societies for construction of godowns after the expiry of three years and not earlier.\footnote{Proceedings of the First Regional Seminar on Cooperative Marketing at Agra (15th to 18th February, 1961), op.cit., p.16.}

All the operational methods for planned development of marketing structure in the State may not be carried out smoothly in the absence of proper transport facilities. The State Government in conjunction with the Manipur Apex Cooperative Marketing Society should, therefore, take up a scheme of maintaining a fleet of lorries which may either be lent to the primary societies or sold to them on hire-purchase basis. As the Apex Society has now a big business turnover it is in need of more vehicles for transport purposes. The State Government should, therefore, make adequate provision for granting assistance to the Society for purchase of vehicles. If possible, even public carrier permits may be issued to this Society so that it may use the carrier vehicles during the idle periods to reduce its overhead costs.
The Apex Society may, thus, be given priority in the allotment of lorries for movement of agricultural produce within the State and outside the State.

Sixteenth, the Manipur Apex Cooperative Marketing Society being the premier marketing institution in the State, should persuade its staff and other prospective cooperative personnel to undergo necessary training in marketing and management courses, by making the best use of the facilities available for training in the All India Institutes such as the Vaikuntha Mehta National Institute of Cooperative Training and Management at Poona. Such a programme may supplement the process of formation of cadres for marketing personnel.

Seventeenth, for facilitating the inter-State trade in agricultural commodities and other items it is quite necessary to establish a close relationship between the Manipur Apex Cooperative Marketing Society and other state, regional and national federations. The Apex Society should also function in coordination with the North-Eastern Regional Agricultural Marketing Corporation which has been recently sponsored by the North-Eastern Council (N.E.C.) for development of cooperative marketing in this cooperatively backward region. The importance of such a
coordinated relationship among the marketing institutions was emphasised as early as 1962 by the All India Seminar on Cooperative Marketing held at New Delhi. The Committee on Cooperative Marketing (1966) also emphasised this aspect in the following words, "The National Federation (NAFED) should coordinate the activities of apex societies, and render expert advice and guidance to them on problems relating to cooperative marketing in general and inter-State and export trade in particular. Marketing cooperatives should not be entrusted with the management of regulated markets; but should be represented on the regulated market committee". 32

Eighteenth, securing members' loyalty has today become the sine-quo-non for the success of every cooperative organisation. All possible efforts should, therefore, be made by the Manipur Apex Cooperative Marketing Society and its affiliates to secure loyalty from their members. The accounts of the societies should always be made open to the members and other arrangements for publicity and propaganda have also to be made for building up good public relations and securing ever lasting loyalty from the members.

To conclude, it has to be pointed out that the Agricultural Cooperative Marketing Structure in the State will not become strong even when the apex marketing institution is strengthened and its operational efficiency is increased through the adoption of the many measures suggested. For the whole marketing structure to become streamlined and completely cooperatized so as to achieve the real objectives of Agricultural Cooperative Marketing, certain additional measures have also to be taken. The existing primary marketing societies should be revitalised along with the organisation of new viable marketing cooperatives. The primary cooperatives shall have to work in coordination with the apex marketing society. Mere reorganisation and revitalisation of the apex society in the absence of re-organisation of the existing primary societies and organisation of new viable societies will only touch the fringe of the whole marketing problem in the State.

Therefore, in the ultimate analysis, revamping of the whole marketing system will include not only the programme of revitalisation of the apex marketing society but also the programme of revitalisation of the existing societies and organisation of new viable societies in an integrated manner.