

COOPERATIVE AGRICULTURAL MARKETING IN INDIA: AN OVERVIEW

Kamlesh Choudhary*, Reshma Yadav*, Divya Choudhary*

*Ph. D Research Scholar, Department of Agricultural Extension and Communication

E-mail: kamleshchoudhary123456789@gmail.com

Introduction

Cooperative forms the fundamental underpinning of human civilization. Human society thrives on interdependence and the reciprocal support among individuals, serving as the cornerstone of communal existence. Universal social history has consistently taught us that isolation and self-sufficiency are unsustainable for humanity, and a spirit of collaboration is imperative for human advancement (Krishnaswami, 2000). From the era of hunting through to the contemporary age, progress and growth in every facet of human life – be it social, economic, religious, or political – have been defined by the inclination to think, work, and coexist harmoniously (Hajela, 1994). Joint action, joint possession and joint management are found in thinking of people in all ages and in all countries (ILO, 1995). In India the spirit of village communities was predominately cooperative. Villages throughout the ages have worked together on an informal cooperative basis (Jawaharlal Nehru, 1982). Thus, cooperation is the essence of social life and human progress (Krishnaswami, 1985).

In the contemporary era, where many individuals often perceive themselves as lacking the ability to make meaningful changes in their lives, cooperatives emerge as a robust, dynamic, and practical economic alternative. These cooperative ventures are established to address the shared needs of people and are grounded in the powerful concept that a collective effort can achieve objectives that would be unattainable by any single individual (Ahmad, 2005). They represent a distinctive business model that wields influence over the dynamics of production and distribution within the economy. Within these cooperative setups, people come together, with capital taking a secondary role in production activities. Consequently, they offer a glimmer of hope to those who are economically disadvantaged, providing opportunities for improved living standards in the modern world (Sharada, 1986). The essence of cooperation in this context is defined as collaborative work toward a common goal, particularly aimed at achieving economic progress (Kishore Moharir, 2012).

History

The history of cooperative marketing in India can be traced back to the year 1912, when the Co-operative Marketing Societies Act, 1912 was enacted. It was in 1915 that the first Cooperative Society was established in Hubli, with the primary aim of promoting the cultivation of improved cotton and its collective sale. Subsequently, in 1918, The South Canara Planters Co-operative Sale Society was established in what was then the Composite Madras Province, with the purpose of jointly selling arecanut.

Recognizing the advantages of group marketing over individual marketing, the Royal Commission on Agriculture in 1928 emphasized the need for collective marketing efforts. The Central Banking Enquiry Committee in 1931 also underscored the importance of organized marketing. Moreover, the XI Conference of Registrars of Cooperative Marketing echoed the same sentiment, highlighting the significance of cooperative marketing.

In 1945, the Co-operative Planning Committee went a step further by recommending that, within the subsequent decade, at least 25 percent of the marketable surplus should be directed through cooperative societies. This would be achieved by forming a single society to serve a cluster of 200 villages, thus promoting cooperative marketing on a broader scale.

The All-India Rural Credit Survey Committee in 1954 shed light on the underwhelming performance of existing marketing cooperatives. Among the 75 districts surveyed, a staggering 63 districts had no cooperative marketing societies at all. In the remaining districts, these societies accounted for a mere one percent of the total agricultural produce sales. In response to these findings, the committee proposed the establishment of primary cooperative marketing societies and advocated for a connection between credit and marketing.

The First Five Year Plan spanning from 1951 to 1956 placed significant emphasis on the creation of agricultural marketing and processing cooperative societies. In 1958, the National Agricultural Cooperative Marketing Federation (NAFED) was founded as the apex body for cooperative marketing. Subsequently, in 1963, the National Cooperative Development Corporation (NCDC) was established to promote programs related to cooperative societies.

The Mirdha Committee in 1965 recommended a membership restriction for agricultural marketing societies, stipulating that only agriculturists should be allowed to join, with traders being ineligible for membership

The Dantwala Committee, in 1966, emphasized the imperative of cooperation and integration among diverse cooperative organizations. This assertion followed a comprehensive assessment of cooperative marketing, the distribution of farming inputs, and the supply of consumer products. In 1968, based on a survey of cooperative marketing societies, the Reserve Bank of India recognized the vital importance of effectively connecting credit with marketing. Furthermore, the All-India Rural Credit Review Committee in 1969 also recommended the strengthening of cooperative marketing, specifically with the aim of assisting government agencies in the implementation of price support programs. Presently, there exists a multi-state cooperative marketing Act in force to regulate and govern such activities.

Co-operation -Meaning

The term 'Cooperation' has been defined and interpreted in various ways by economists, cooperative leaders, thinkers, and scholars, each within the specific context of their respective countries and circumstances. The word 'cooperation' or 'cooperative' originates from the Latin words 'Co' and 'Operari,' where 'Co' signifies 'with' or 'together,' and 'Operari' means 'to work.' Therefore, at its core, cooperation entails working together or jointly with others to achieve a common purpose. However, the concept of cooperation encompasses a broader and more intricate scope than its simple interpretation suggests. In its technical sense, cooperation represents a distinct mode of conducting business, giving rise to formal organizational structures and the associated methods and techniques (Krishnaswami, 2000). C.R. Fay, as quoted in Calvert (1959), viewed Cooperation as an association formed to engage in joint trade activities, with a particular emphasis on the principle of Patronage Dividend. Heric, as quoted in Jalal (1995), underscored the importance of Voluntary Membership as a fundamental cooperative principle. Professor Paul Lambert, in his perspective, placed emphasis on democratic control and the social aspects of Cooperation (Paul Lambert, 1963).

Marketing

The term market is derived from Latin word 'mercatus' meaning merchandise, to trade or a place of business. In common parlance, a market is a convenient meeting place

of buyers and sellers to gather together in order to conduct buying and selling activities. Further, it is an area in which price making forces of demand and supply tend to operate freely through modern means of communication. Marketing is a comprehensive term covering a large number of functions. The word marketing represents not only the sale of produce in a place, but also includes all the stages and process it has to undergo in order to reach the consumer. It is a pipeline between the producers' field and the consumers' store room which includes various functions viz. bargaining, packing, selling, transportation, grading and storage, processing, warehousing and pooling and financing at various stages (Balwinder Singh, 2000). Thus, marketing is not only selling; it includes all activities and process involved in bringing the goods from producer to consumer (Margaret Digby, 1957). Marketing in the modern sense connotes all business activities involved in flow of goods and services from the 6 points of production until they are in the hands of the consumers (Singh, 2000). The Committee on Definitions of the American Marketing Association (1935) defines marketing as, "the performance of business activities directed towards, and incidental to the flow of goods and services from producer to consumer or user". But AMA's new definition (2007), says that marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Agricultural Marketing

The term "market" finds its roots in the Latin word "mercatus," which encompasses the notions of merchandise, trade, and a place of business. In everyday language, a market serves as a convenient meeting point for buyers and sellers to come together and engage in buying and selling transactions. Furthermore, it's a space where the forces of supply and demand, which determine prices, operate freely with the aid of modern communication methods.

The concept of marketing is a comprehensive one, encompassing a multitude of functions. The term "marketing" doesn't just denote the act of selling products in a particular location; rather, it encompasses all the stages and processes that products must go through to reach the consumer. It functions as a conduit bridging the producer's field and the consumer's storeroom, involving various activities such as negotiation, packaging, sales, transportation, grading, storage, processing, warehousing, and financial

transactions at different stages (Balwinder Singh, 2000). Therefore, marketing goes beyond mere sales; it encompasses all the activities and processes involved in bringing goods from the producer to the consumer (Margaret Digby, 1957).

In the modern context, marketing signifies all the business activities involved in the flow of goods and services from their point of origin to their final destination in the hands of consumers (Singh, 2000). The Committee on Definitions of the American Marketing Association (1935) defined marketing as "the performance of business activities directed towards, and incidental to the flow of goods and services from producer to consumer or user." However, the updated definition from the AMA in 2007 states that marketing is the activity, along with a set of institutions and processes, aimed at creating, communicating, delivering, and exchanging offerings that provide value to customers, clients, partners, and society as a whole.

Co-operative Marketing

The establishment of cooperative marketing societies represents a strategic effort aimed at addressing the challenges stemming from the existing agricultural produce marketing system. Utilizing cooperative institutions to channel agricultural produce aligns with the goals of economic development and social justice.

In the Indian food grains trade, private entities currently hold significant dominance. Farmers often express dissatisfaction with this marketing system due to receiving lower prices, primarily attributed to high marketing expenses and the prevalence of unethical practices. While the government has made attempts to enhance the marketing of agricultural commodities, these efforts have only yielded partial success in creating an environment conducive to scientific and efficient marketing. Additionally, the progress of regulated markets is inconsistent across different regions. As a result, the imperative of strengthening cooperative organizations has been acknowledged. These cooperatives play a pivotal role in marketing farmers' produce and providing them with timely and reasonably priced inputs. These organizations are expected to function as market competitors to private traders. They aggregate the produce of small-scale farmers with limited surpluses, thus bolstering their bargaining power. Furthermore, they assist government agencies in implementing policy decisions related to the procurement and distribution of essential commodities such as food grains.

Meaning

Cooperative marketing aims to effectively manage the sale of agricultural products produced by its members, utilizing one or all aspects of the marketing process to obtain the most advantageous prices for their produce. The primary goal of a marketing cooperative is to enhance the negotiating capacity of the cultivators, eliminate unnecessary intermediaries, offer marketing financial support, incentivize the production of higher-quality goods, and promote price stability. Additionally, many marketing cooperatives play a role in providing agricultural necessities such as seeds, fertilizers, equipment, pesticides, and insecticides at affordable rates. The chief object for which growers organize a cooperative marketing is to enable them to market to their best advantage and for this purpose to streamline the whole process of movements of goods to the consuming markets (Dantwala, 1966).

The primary objectives of cooperative marketing, as highlighted by the FAO, revolve around optimizing the sale of members' agricultural products in the most favorable markets, ensuring product quality and demand alignment, offering fair pricing and weighing, effective grading to secure the best prices for various product qualities, careful and efficient handling of crops to prevent damage or waste, advocating for fair trade practices and opposing price manipulation, providing members with financial assistance on equitable terms, and enhancing members' comprehension of the entire marketing process (Quoted in Margaret Digby, 1957). Essentially, cooperative marketing aims to bolster the real income of member cultivators by undertaking various marketing functions. Recent research indicates that marketing cooperatives can potentially elevate farmers' real income by up to 20% through their diverse business activities (Singh & Garg, 1991).

In India, which contributes 9% of the world's food grains, agricultural production is closely linked to the economic gains of farmers. Given that produce is cultivated in rural areas and consumed in urban centers, effective marketing becomes a complex challenge. Farmers must be attuned to the preferences of buyers and ensure that goods are transported to the right location at the right time. This underscores the importance of marketing in agriculture, epitomized by the saying, "a good farmer has one eye on the plough and the other on the market." With the increasing commercialization of Indian agriculture, this adage now more aptly states, "a good farmer has both eyes on the market," as farmers need to make informed decisions about profitable crops and their timing in the market (Sami Uddin, 1985).

A cooperative sales association is a voluntary business entity formed by member patrons to collectively market agricultural products for their mutual benefit. These associations operate under democratic principles, and the savings are distributed among members based on their patronage. Members are the owners, contributors, and operators of the commodities, ensuring that no intermediary benefits at the expense of others.

Cooperative marketing organizations are composed of producers who collectively market their produce to reap the benefits of large-scale business, which individual cultivators cannot attain due to their limited marketable surplus. In these organizations, control rests with the farmers, with each member having an equal vote, regardless of the number of shares they hold. Profits earned by the cooperative are distributed among members based on the quantity of produce they have marketed. Essentially, cooperative marketing societies focus on the collective marketing of their members' products, emphasizing commercialization. Their economic goals and organizational structure distinguish them from other associations, as they operate similarly to private business entities but differ primarily in their motives and organizational principles.

Functions The main functions of co-operative marketing societies are:

- (i) Facilitating the fair marketing of members' produce at equitable prices.
- (ii) Safeguarding members against excessive marketing expenses and unethical practices.
- (iii) Providing credit facilities to members with their produce as collateral.
- (iv) Organizing scientific storage solutions for members' produce.
- (v) Offering services for grading and furnishing market information to assist members in obtaining competitive prices for their produce.
- (vi) Implementing pooling systems to enhance the collective bargaining power of individual members with limited quantities of produce for marketing.
- (vii) Serving as government agents for the procurement of food grains and the execution of price support policies.
- (viii) Coordinating export opportunities for members' produce to maximize returns.
- (ix) Arranging for cost-effective transportation of members' produce from villages to markets through collective efforts.

- (x) Ensuring the supply of essential agricultural inputs such as improved seeds, fertilizers, insecticides, and pesticides to meet farmers' needs.

Types

On the basis of the commodities dealt in by them, the co-operative marketing societies may be grouped into the following types:

(i) Single Commodity Co-operative Marketing Societies

They solely work with the marketing of one agricultural product. Farmers that grow only that one product bring in enough revenue for them. Examples include the Cotton Co-operative Marketing Society, Oilseed Growers Co-operative Marketing Society, and Sugarcane Co-operative Marketing Society.

(ii) Multi-Commodity Co-operative Marketing Societies

They deal in the marketing of numerous products made by the members, including cotton, oilseeds, and food grains. This sort of cooperative marketing society predominates in India.

(iii) Multi-purpose, Multi-commodity Co-operative Marketing Societies

They also provide financing to members, arrange for the supply of the inputs they need, and fulfil their needs for basic items for domestic consumption. These societies market a huge number of commodities

Structure

The co-operative marketing societies have both two-tier and three-tier structure. In the states of Assam, Bihar, Kerala, Madhya Pradesh, Karnataka, Orissa, Rajasthan and West Bengal, there is a two-tier pattern with primary marketing societies at the taluka level and state marketing federation as an apex body at the state level. In other states, there is three-tier system with district marketing society in the middle. At the national level, NAFED serves as the apex institution. The pattern of the three-tier structure is as follows:

(i) Base Level

Additionally, cooperative marketing societies extend financial support to their members and facilitate the procurement of required inputs, including essential items for domestic consumption. These societies are involved in the marketing of a wide range of commodities.

(ii) Regional/District Level

At the regional or district level, central cooperative marketing unions or federations play a crucial role. Their primary function is to market the agricultural produce brought for sale by the primary cooperative marketing societies operating in the region. These central unions are typically situated within secondary wholesale markets and typically provide more favourable prices for the produce. In addition to individual farmer members, the primary cooperative marketing societies are themselves members of these unions. In the two-tier structure, state-level cooperative societies take on the functions typically performed by district-level societies by establishing branches across the entire district

(iii) State Level

At the state level, there exist apex (State) cooperative marketing societies or federations. These state-level entities serve the entire state and have memberships comprising both the primary cooperative marketing societies and the central cooperative unions within the state. Their fundamental role is to coordinate the operations of their affiliated societies, which includes activities such as inter-state trade, import-export endeavours, procurement, distribution of agricultural inputs, essential consumer goods, provision of market information, and offering expert advice on agricultural produce marketing. The cooperative marketing network in the country consists of 27 state-level marketing federations, 199 district/regional marketing cooperative societies, and 4,398 primary cooperative marketing societies, in addition to the national-level presence of NAFED.

Cooperative Marketing in India during Planning Era

In the history of the Indian Cooperative Movement, no doubt the importance of cooperatives was realized drastically during the Five-Year Plan Periods. The importance, progress, growth and development of marketing cooperatives in India during plan periods are illustrated here.

Progress during the First Five Year Plan (1951-56)

During the initial phase of the first plan, there was an acknowledgment of the importance of developing cooperative marketing alongside cooperative credit. However,

specific targets for the expansion of cooperative marketing were notably absent, resulting in limited progress in the growth of marketing cooperatives.

In 1951, the All-India Rural Credit Survey Committee (AIRCSC) was tasked with assessing the state of cooperative marketing in the country. The committee's findings were rather disheartening, revealing an extremely unfavourable condition of marketing cooperatives. Among the 75 districts surveyed, a staggering 63 districts lacked any cooperative marketing society. In the remaining 12 districts, the contribution of cooperatives to the marketing of agricultural produce barely exceeded one percent, and that too, only in five districts. The majority of the rural economy was under the control of private traders. The AIRCSC (1954) candidly expressed in its report, "There are a very few successful marketing societies in India; some of these may offer insights into possible future progress, but as of now, they fail to establish a system where marketing is carried out by and for the cultivators. The collective impact of all cooperative marketing societies in India does not command much attention, lacking even the numerical significance that credit societies manage to achieve on paper... Effective coordination between primary credit and marketing societies is notably lacking."

The Rural Credit Survey Committee emphasized the urgent need for an integrated development of the cooperative structure, with cooperative marketing playing a pivotal role. The committee also proposed the establishment of a National Cooperative Development and Warehousing Board to plan, coordinate, and execute a nationwide program for the development of storage and warehousing facilities for agricultural commodities.

The Committee on Cooperative Credit (1960) further pointed out that during the initial phase of the First Plan, no specific efforts were made to strengthen or expand cooperative marketing. The Dantwala Committee (1966) noted that for most of the First Plan period, cooperative marketing remained a neglected field.

In terms of the value of agricultural produce marketed by cooperatives, it amounted to only Rs. 53 crores during the year 1955-56, compared to Rs. 47 crores in 1950-51. The number of state marketing societies increased from 16 at the start of the planning period to 19 at the end of the plan. Similarly, the number of marketing unions and primary marketing societies saw growth, rising from 1,996 and 8,264 in 1951-52 to 19, 2,354,

and 9,778, respectively, at the end of the plan (Report of the First Five-Year Plan, 1951-56).

Progress during the second Five Year Plan (1956-61)

It was not until the commencement of the Second Five-Year Plan that a deliberate effort was made to systematically develop cooperative marketing. During this plan, cooperative marketing was integrated into the broader rural credit scheme. The Second Plan set out a vision of establishing 1,800 primary marketing societies in various markets (mandies). Additionally, it envisioned the establishment of apex marketing societies in states to facilitate the functioning of primary marketing societies.

In the course of the Second Plan, the National Agricultural Cooperative Marketing Federation (NAFED) was established in 1959. NAFED's role was to promote inter-state trade, coordinate the activities of state marketing societies, and provide market intelligence to farmers. By the end of the Second Plan period, the country had 24 state marketing societies, 171 central marketing societies, and 3,108 primary marketing societies in operation. Together, these societies handled agricultural produce worth Rs. 174 crores (Report of the Second Five-Year Plan, 1956-61). During this plan, it was deemed crucial to initiate the process of amalgamating weaker and smaller societies with larger, more robust ones, thereby restructuring them on a solid foundation. However, the actual progress achieved fell significantly short of the plan's expectations. In this context, the Dantwala Committee (1966) observed that even when considering the entire figure of Rs. 174 crores, it represented only a minuscule portion of the total marketed surplus of agricultural produce.

Progress during the Third Five Year Plan (1961-66)

The Third Five-Year Plan injected fresh momentum into the pivotal role of cooperatives in implementing planned economic development schemes in India. To effectively carry out various initiatives outlined in the Third Plan, the Government of India established several working groups and committees to assess different facets of the cooperative movement and propose measures for its enhancement. Among these, the Committee on Cooperative Marketing, commonly known as the Dantwala Committee (1966), was of paramount importance.

The Dantwala Committee advocated the affiliation of all primary agricultural credit societies within the operational jurisdiction of a primary marketing society to implement the integration of credit with marketing. Moreover, this plan placed greater emphasis on strengthening the marketing structure, enhancing operational efficiency, and establishing new marketing societies in areas that were not covered during the Second Plan.

One of the most noteworthy achievements of the Third Plan was in the realm of cooperative storage. By the plan's conclusion, cooperatives had constructed 1,000 warehouses at the mandi level and 1,500 warehouses in rural areas, including 65 cold storages in the cooperative sector, with an estimated capacity of 50,000 tonnes (NCDC, 1966).

At the conclusion of the Third Plan, the country had 3,221 primary marketing societies with a total membership of 21.42 lakhs. Additionally, in an effort to create viable units, 452 primary societies were established under the scheme of revitalization, achieved through the amalgamation of weaker and dormant societies. In the year 1965-66, there were also 160 district-level marketing societies, 19 apex marketing societies, 3 state-level commodity federations, and one national cooperative marketing federation. The total value of agricultural produce managed by cooperative marketing societies surged from approximately Rs. 53 crores in 1955-56 to Rs. 174 crores in 1960-61, and further to Rs. 360 crores in 1965-66. In certain states, cooperative marketing societies were entrusted with the responsibility of procuring food grains. In the fiscal year 1964-65, cooperative marketing societies procured food grains valued at about Rs. 100 crores, compared to approximately Rs. 40 crores in 1963-64 (Report of the Third Five-Year Plan, 1961-66).

Progress during the Fourth Five Year Plan (1969-74)

The Planning Commission recognized the significance of marketing societies as a means to achieve desired economic and social transformations. It noted that the cooperative marketing structure had become a crucial instrument in implementing the government's food policy in recent years. Strengthening and enhancing the existing cooperative marketing system at the primary level became a central objective of the Fourth Five-Year Plan. Furthermore, the plan placed substantial importance on fortifying marketing federations at both the state and national levels to optimize efficiency. The

plan aimed to establish 450 new primary marketing societies in every major marketing center across the country by the plan's conclusion.

The overarching framework of cooperative marketing included 21 state marketing societies, 6 commodity federations, 173 central marketing societies, and 3,278 primary marketing societies by the end of the Fourth Plan. Consequently, the country possessed a robust cooperative foundation spanning from the primary level to the apex level. At the conclusion of the plan, the combined membership of all primary marketing societies stood at 30.77 lakhs. The total value of agricultural produce marketed by cooperatives at all levels and the total value of fertilizers distributed by cooperatives during the 1973-74 period amounted to Rs. 1,101 crores and 400 crores, respectively (Report of the Fourth Five-Year Plan, 1969-74). Throughout the plan period, state-level apex marketing societies and NAFED were encouraged to provide essential business support to these societies.

Progress during the Fifth Five Year Plan (1974-79)

The Fifth Five-Year Plan had several key objectives concerning cooperative marketing, including strengthening the agricultural cooperative network encompassing credit, supply, marketing, and processing. Efforts were directed at addressing regional imbalances and revitalizing cooperatives. During this plan, there was a particular emphasis on processing activities in addition to marketing. The rationale behind this approach was that if marketing societies engaged in processing activities, farmers might receive higher returns for their produce. In the initial year of the Fifth Plan, cooperatives managed agricultural produce valued at Rs. 1,214.91 crores. In the year 1974-75, NAFED exported various items like pulses, onions, spices, potatoes, timber, and gunny bags, amounting to Rs. 414.95 lakhs (Report of the Fifth Five-Year Plan, 1974-79). Beginning in the first year of the Fifth Plan, the National Cooperative Development Corporation (NCDC) initiated a new central sector scheme aimed at intensively developing cooperative marketing, processing, supplies, and storage in cooperatively underdeveloped states and union territories, with an allocation of Rs. 25 crores for this purpose.

Progress during the Sixth Five Year Plan (1980-85)

During the Sixth Five-Year Plan, cooperative marketing infrastructure expanded to encompass nearly all significant secondary and terminal markets across the country. This

achievement resulted from continuous efforts undertaken over successive plans. By this point, there were 3,370 primary marketing societies operating at the mandi level, along with 173 Central/District Cooperative Marketing Societies, 27 State/Apex Cooperative Marketing Federations, and the National Agricultural Cooperative Marketing Federation (NAFED) with its 25 main branches functioning throughout the country. Several significant challenges were identified that hindered the development of cooperative marketing. These included the weak financial foundations of primary cooperatives, a shortage of qualified personnel to conduct commercial operations, and insufficient linkages and business relationships among different cooperatives. Remedial measures were implemented to address these issues. It was recognized that in order to enhance the operational efficiency of cooperatives in marketing agricultural produce, agricultural inputs, and consumer goods, adequate and scientifically designed storage facilities were essential. To ensure this, all reorganized primary agricultural credit societies and marketing societies were supported in constructing storage facilities with appropriate capacities within the stipulated timeframe. By the end of the 1979-80 period, the total sanctioned storage capacity in the cooperative sector had reached 67.8 tonnes. However, the completed capacity consisted of only 22,000 godowns at the primary level (with a capacity of 22 lakh tonnes) and an additional 5,040 godowns at the district level (with a capacity of 25 lakh tonnes). The agricultural produce marketed by cooperatives at the close of the 1979-80 fiscal year was estimated to be worth Rs. 1,750 crores, a substantial increase compared to the Rs. 1,100 crores at the end of the Fourth Plan (Report of the Sixth Five-Year Plan, 1980-85).

Progress during the Seventh Five Year Plan (1985-90)

The seventh Plan had significant objectives, including the strengthening of primary marketing societies and broadening their activities. Given that cooperatives remained the primary institutional entity for government procurement operations, it was rightly recognized that marketing cooperatives could also engage in outright commercial business operations involving key commodities. To facilitate this, the plan aimed to establish effective connections between marketing cooperatives and public sector commodity corporations like the Food Corporation of India (FCI), Cotton Corporation of India (CCI), and Jute Corporation of India (JCI). Additionally, the plan emphasized establishing close relationships and coordination among marketing cooperatives, civil supply corporations, and the public distribution system.

By the conclusion of the Seventh Plan, it was envisioned that cooperatives would engage in the retail sale of fertilizers, with a target of 8.3 million tonnes (Report of the Seventh Five-Year Plan, 1985-90). To expand the role of cooperatives in input distribution, the Reserve Bank of India was expected to provide refinancing facilities to State Cooperative Banks for extending credit to Primary Agricultural Credit Societies (PACS). This support enabled PACSs to conduct cash sales of fertilizers, seeds, pesticides, and agricultural implements. Furthermore, the credit policy of the RBI was reoriented to assist cooperatives in developing their business related to the marketing of agricultural commodities.

Progress during the Eighth Five Year Plan (1992-97)

During the Eighth Plan period, all viable primary agricultural credit societies were transformed into farmers' service centres, with the objective of managing the complete distribution of agricultural inputs. This included chemical fertilizers, improved hybrid seed varieties, pesticides, and agricultural implements. The operation of processing cooperatives faced challenges related to underutilization of capacity and deficiencies in technical and financial management. To address these issues, the cooperative processing units were directed to rectify their weaknesses during the Eighth Plan, aiming to provide better returns to producers. In this regard, growers were encouraged to follow the pattern of processing cooperatives established by the National Dairy Development Board (NDDB).

The Eighth Plan also aimed to create an additional storage capacity of 6 million tonnes in the cooperative sector. This initiative sought to address storage problems in rural areas and meet the growing demands and challenges in food production and distribution.

The National Agricultural Cooperative Marketing Federation (NAFED), operating as a national-level organization for cooperative marketing, played a pivotal role during this period, with 31 branches located in major towns and capital cities across the country. In the year 1996-97, the federation recorded a turnover of Rs. 643 crores. There were 29 state-level apex marketing societies/federations in the country in 1996, with a total membership comprising 13,393 societies, 728 growers and others, and 4,790 nominal members. Additionally, 20 state-level tribal and commodity federations were also functioning during the same year. As of June 1996, there were 157 central marketing

societies with a total membership of 24.23 lakh individuals and 42,000 societies, compared to June 1995 figures. The country had 6,506 primary marketing cooperative societies by the end of June 1996, collectively marketing agricultural commodities worth Rs. 95,503.04 crores (Report of the Eighth Five-Year Plan, 1992-97).

Progress during the Ninth Five Year Plan (1997-2002)

Starting in 1996–1997, the States received increased funding for seven Basic Minimum services. The development of cooperatives in general and cooperative marketing societies in particular received more focus during the ninth five-year plan. In order to support the cooperatives, the National Federation of Labour Cooperatives has recommended boosting the Rural Workers Cell as well as the Resource Development Cell. According to the midterm evaluation, the government held food grain stocks of roughly 42.25 million tonnes, although only 24.30 million tonnes were actually needed for public distribution networks. India's position as the second-largest producer of wheat, rice, fruits, and vegetables at the end of the plan indicates that it was a success (Report of the Ninth Five-Year Plan, 1997-2002).

Progress during the Tenth Five Year Plan (2002-07)

During the tenth five-year plan, there was a comprehensive initiative to issue Kisan Credit Cards to all eligible farmers. The states were encouraged to take follow-up actions related to the Multi-State Cooperative Act of 2002. Financial support was provided for the construction of godowns and warehouses through the cooperative marketing sector, with interest rates set at standard levels. Special attention was given to the establishment of rural godowns, primarily intended for the storage of agricultural produce and inputs.

By the conclusion of the tenth plan in 2006-07, the cooperative sector had made substantial progress, with 7,812 primary marketing cooperatives, 384 central/district marketing societies, and 28 state-level marketing federations actively operating. These entities boasted memberships of 57.26 lakhs, 33.20 lakhs, and 1042 lakhs, respectively. Furthermore, the total value of agricultural goods marketed through primary, central, and state marketing cooperatives amounted to approximately Rs. 184.76 crores, Rs. 2010.05 crores, and Rs. 8580.51 crores, respectively (Report of the Tenth Five-Year Plan, 2002-07).

Progress during the Eleventh Five Year Plan (2007-12)

The Planning Commission, Government of India, established a Working Group to assess the outreach of institutional finance and propose cooperative reforms for the Eleventh Five-Year Plan (2007-2012). This group conducted an extensive review, covering aspects such as the flow of institutional credit to the agricultural sector, the examination of funding costs, the legal framework for debt recovery, and an analysis of farmers' indebtedness and its consequences on the agricultural industry.

Furthermore, the group evaluated the status of cooperatives and their contributions to the nation's economic development. They identified the obstacles hindering the growth of cooperatives and recommended strategies for enhancing the human resources within agricultural sector cooperatives. The working group put forth a range of programs, initiatives, and strategic reforms within the cooperative sector as part of the Eleventh Five-Year Plan to address issues related to agricultural growth and distress (Report of the Eleventh Five-Year Plan, 2007-12)

Organizational Structure and Functions of Cooperative Marketing Societies in India

The effectiveness and efficiency of any organization are significantly influenced by its organizational structure. Many successful organizations owe their achievements to having a well-suited structure (Singh, 2000). Therefore, having an appropriate organizational structure is of paramount importance for any business entity, especially when it plays a strategic role in its operations. A cooperative marketing society is considered a business institution because it engages in various business activities. In India, the structure of cooperative marketing is not uniform across all states. Some states employ a two-tier structure, while others opt for a three-tier structure. In the two-tier cooperative marketing structure, primary marketing societies are established at the mandi or secondary market levels, and apex marketing societies operate at the state level. Conversely, the three-tier cooperative marketing structure consists of primary marketing societies at the mandi or secondary market levels, central marketing societies at the district level, and apex marketing societies at the state level. States like Assam, Rajasthan, Bihar, Madhya Pradesh, Karnataka, Orissa, and West Bengal follow the two-tier structure, whereas Andhra Pradesh, Gujarat, Maharashtra, Punjab, and Uttar Pradesh adopt the three-tier structure.

Primary Cooperative Marketing Societies

The primary cooperative marketing societies serve as foundational organizations operating at mandi or secondary marketing centers. These societies have several key objectives and functions, including facilitating the sale of agricultural produce for their members, encouraging the cultivation of improved agricultural commodities, providing loans to members against their produce, owning or renting storage facilities for storage, processing, and sales, supplying fertilizers, seeds, and agricultural implements, and acting as agents of the government for the procurement of agricultural produce, among others. Generally, primary marketing societies focus on the marketing of agricultural produce brought in by farmers. Membership in these societies is open to both agricultural credit societies and individual cultivators in the respective areas.

As of the year 2009-10, the country had a total of 7,202 primary marketing societies, comprising 2,524 general-purpose societies and 4,678 specialized in marketing specific commodities. These societies boasted a collective membership of 61.06 lakhs and a total working capital of Rs. 1968.13 crores. They played a pivotal role in marketing agricultural goods, selling agricultural requisites, and distributing consumer goods, collectively amounting to Rs. 4795.96 crores, Rs. 1846.68 crores, and Rs. 1665.44 crores, respectively (Source: National Cooperative Union of India, 2012).

Central/District Marketing Societies

In the organizational structure of marketing cooperatives, the central/district marketing tier serves as the intermediary level, primarily existing in states where the three-tier structure is adopted. The central/district marketing societies are tasked with several key objectives and functions, which include coordinating the operations of primary marketing societies in terms of marketing agricultural produce and distributing agricultural inputs. They are also responsible for facilitating the sale of produce to buyers located outside their respective districts and engaging in various processing activities.

During the fiscal year 2009-10, there were a total of 338 central/district-level marketing federations, comprising a membership of approximately 34.91 lakhs. These federations operated with a substantial working capital amounting to Rs. 1,497.18 crores. Their contributions to the agricultural sector were significant, with the total value of agricultural goods marketed, agricultural requisites sold, and consumer goods distributed amounting to Rs. 1,992.46 crores, Rs. 745.91 crores, and Rs. 207.18 crores, respectively (Source: National Cooperative Union of India, 2012).

State Marketing Federations (MARKFEDS)

State Marketing Federations are regional-level institutions operating as a centralized body for primary marketing cooperatives, with their presence in all state headquarters. Their primary objectives revolve around facilitating, coordinating, and promoting trading and marketing activities for their members. These federations engage in various activities, including intra-state and inter-state trade, purchase, sale, and distribution of agricultural requisites. They also act as agents for organizations such as NAFED, NCDC, TRIFED, and others in the purchase, sale, and distribution of agricultural products. Moreover, these federations often function as warehouse operators and are involved in constructing their storage facilities or godowns.

The membership of these state cooperative marketing federations typically includes primary and regional or central cooperative marketing and processing societies within the state. In some cases, a few individuals and other types of cooperatives, including service or credit societies, may also be part of their membership base. It's important to note that all state cooperative marketing federations operate in partnership with the state government.

During the fiscal year 2009-10, there were 28 State marketing federations in operation, collectively boasting a membership of approximately 1.41 lakh members. These federations had a substantial working capital of Rs. 7,232.33 crores. Their activities contributed significantly to the agricultural sector, with the total value of agricultural goods marketed, agricultural requisites sold, and consumer goods distributed amounting to Rs. 14,832.78 crores, Rs. 4,092.26 crores, and Rs. 1,635.85 crores, respectively (Source: National Cooperative Union of India, 2012).

National Agricultural Cooperative Marketing Federation (NAFED)

In India, the National Agricultural Cooperative Marketing Federation (NAFED) serves as the central organization that coordinates with state-level apex cooperative marketing societies in the field of cooperative marketing. NAFED is headquartered in Delhi and operates through a network of 32 branches located in major towns and capital cities across the states. Its primary objectives and functions include the organization, promotion, and development of marketing, processing, and storage activities related to agricultural produce. NAFED also undertakes the distribution of agricultural inputs and implements, acting as an agent for the government and other cooperative entities in the

purchase, sale, storage, and distribution of agricultural goods, agricultural requisites, and consumer goods.

Additionally, NAFED is actively involved in conducting marketing research and disseminating market intelligence. It plays a role in arranging training programs for employees of marketing, processing, and supply cooperative societies. Furthermore, NAFED provides financial assistance in the form of loans to its members and other cooperative institutions, with agricultural goods pledged as collateral.

The membership of NAFED encompasses state-level marketing federations, apex marketing federations in union territories, state-level tribal and commodity federations, primary marketing and processing societies, the National Cooperative Development Corporation, and the Government of India. As of March 31, 2012, NAFED had a total membership of 842 members.

NAFED, along with marketing federations, engages in the export of various agricultural commodities, including spices, processed fruits, and vegetables. During the fiscal year 2011-12, NAFED directly exported 6146.73 metric tons of agricultural and horticultural commodities to various destinations, with a total value of Rs 11.52 crore. Currently, NAFED operates warehouses with a total storage capacity of 54,000 metric tons, cold storage facilities with a capacity of 9,565 metric tons, and dedicated onion storage facilities with a capacity of 4,400 metric tons

Role of Cooperatives in Economic Development

Cooperation plays a pivotal role in safeguarding the interests of vulnerable and unorganized individuals engaged in various economic and social activities. The cooperative movement has been instrumental in preventing the exploitation of people by private moneylenders and has significantly improved the economic status, particularly of small farmers, village artisans, landless laborers, and destitute women. It has established numerous centres in rural areas, thereby creating new employment opportunities and enhancing the productive capacity and competitive ability of local communities (Kishore Moharir, 2012).

Cooperatives, regardless of their type, size, geographical location, or purpose, provide a unique tool for achieving various economic goals in an increasingly competitive global economy. These goals encompass achieving economies of scale,

strengthening bargaining power when engaging with other businesses, leveraging bulk purchases to attain lower prices, accessing products or services that may otherwise be unavailable, expanding market access, improving product or service quality, securing credit from financial institutions, and increasing income (Ahmad, 2005).

Cooperatives are deeply rooted in democracy, flexibility, and participatory involvement, making them well-suited for driving economic development (Gertler, 2001). The process of establishing and sustaining a cooperative involves fostering community spirit, identity, and social organization. Cooperatives play an increasingly significant role worldwide in reducing poverty, facilitating job creation, driving economic growth, and promoting social development (Gibson, 2005).

Cooperatives are considered essential tools for improving the living and working conditions of both women and men. As cooperatives are owned by the users of their services, they make decisions that strike a balance between profitability and the welfare of their members and the broader community they serve. By promoting economies of scale and scope, cooperatives empower their members, providing them with benefits such as increased income and social protection. Consequently, cooperatives offer their members opportunities, protection, and empowerment—essential elements in uplifting them from degradation and poverty (Somavia, 2002).

Cooperatives possess inherent advantages in addressing the challenges of poverty, food security, and unemployment. They are considered to have immense potential for delivering goods and services in areas where both the public and private sectors have faced difficulties (Verma, 2004). As governments around the world reduce their services and withdraw from regulating markets, cooperatives are increasingly seen as valuable mechanisms for managing risk for their members and maintaining efficient markets (Henehan, 1997).

In numerous ways, cooperatives play a vital role in both global and national economic and social development. In terms of economic and social development, cooperatives promote the "fullest participation of all people" and facilitate a more equitable distribution of the benefits of globalization. They contribute to sustainable human development and have a crucial role in combating social exclusion. Therefore, the promotion of cooperatives should be considered one of the fundamental pillars of national and international economic and social development (Levin, 2002). Beyond the

direct benefits they provide to their members, cooperatives strengthen the communities in which they operate. According to Somavia (2002), cooperatives are specifically seen as significant tools for creating decent jobs and mobilizing resources for income generation. Many cooperatives provide employment opportunities and contribute to local tax revenues because they operate in specific geographical regions. According to Wikipedia (2006) and Levin (2002), it is estimated that cooperatives employ more than 100 million men and women worldwide. In India, cooperatives have been delivering locally needed services, generating employment, circulating money within local economies, and fostering a sense of community and social cohesion. They provide their employees with opportunities to upgrade their skills through workshops, seminars, conferences, and training programs. Furthermore, they offer short- and long-term employment opportunities to youth in their base communities. These contributions underscore the significant role of cooperatives in promoting economic development.

Cooperative Marketing and Economic Development

In agricultural oriented developing countries like India, cooperative marketing plays a pivotal role in fostering and sustaining the tempo of economic development since markets trigger the process of development.

It offers facilities to improve agriculture product marketing such as establishment of regulated market, construction of warehouses, provision for grading and standardization of product, standardization of weight and measures, daily broadcasting of market prices of agricultural crops, improvement of transport facilities etc. the above mentioned facilities are provided by the cooperative societies so that the development in agriculture product marketing is very possible and the exploitation of farmers by the middle men is minimized (Kishoree Moharir, 2012). The objectives of price stability, rapid economic growth and equitable distribution of goods and services cannot be achieved without the support of an efficient marketing system (Acharya, 2004). Further cooperative marketing plays a prominent role not only in stimulating the production and consumption, but also in accelerating the pace of economic development.

The significance of cooperative marketing in economic development is highlighted from the following points.

An efficient cooperative marketing system:

- Enhances the marketable surplus by mitigating losses resulting from inefficient processing, storage, and transportation.
- Elevates farmers' income levels by reducing intermediaries, curbing marketing service costs, and preventing malpractices.
- Broadens market access for products, reaching remote areas.
- Fosters the growth of agro-based industries, stimulating overall economic development.
- Assists farmers in aligning their production with the nation's economic needs.
- Facilitates farmers in adopting new scientific technologies by ensuring a lucrative market with assured clearance.
- Generates employment opportunities in various sectors like transportation, storage, and processing, ultimately improving members' livelihoods.
- Adds value to products, thereby increasing farmers' income and contributing to national economic growth.

To Sum Up

A broad overview of Cooperative Marketing Societies in India (at the macro level), considering their origin and evolution, as well as their operations across various levels, reveals substantial growth and progress throughout the years. An examination of marketing cooperative societies in Tamil Nadu demonstrates that Primary Agricultural Producers Marketing Cooperative Societies have shown significant improvement in key activities. These activities include the supply of agricultural necessities, the marketing of agricultural products, the implementation of schemes linking credit with marketing, and the integration of consumers' cooperative stores with marketing efforts. Additionally, these societies have been involved in providing pledge loans, jewel loans, and the sale of controlled and non-controlled goods, all despite encountering several challenges and weaknesses along the way.

Reference:

- Acharya S.S. and Agarwal N.L (2004), Agricultural Marketing in India, Oxford & IBH Publishing Co. Pvt. Ltd, New Delhi. p. 2.
- Balwinder Singh (2000), Agricultural Credit, Sources, Problems and Emerging Issues, Deep & Deep Publications Pvt Ltd, New Delhi. Pp 24-27.
- Calvert H (1959), The Law and Principles of Cooperation, Thacker Spink & Co, Calcutta.
- Gibson R (2005), The Role of Cooperatives in Community Economic Development, RDI Working Paper # 2005-3.

- Hajela T N (1994), Cooperation: Principles, Problems and Practice, Konark Publishers Pvt Ltd, New Delhi. p.1.
- Henehan B (1997), Cooperating for Sustainability, USA, Cornell University.
- Jawaharlal Nehru (1982), Discovery of India, Oxford University Press, New Delhi.
- Kishor Moharir (2012), "Role of Cooperative Societies in Agricultural Product Marketing in Maharashtra", National Monthly Refereed Journal of Research in Commerce & Management, Volume No.1, Issue No. 8, pp. 80-83.
- Krishnaswami O. R. and Kulandaiswamy V (2000), Cooperation: Concept and Theory, Aruda Academy, Coimbatore, India, p.1.
- Margaret Digby (1957), Cooperative Marketing for Agricultural Producers, FAO. p. 8.
- Paul Lambert (1963), Studies in Social Philosophy of Cooperation, Cooperative Union, Manchester.
- Singh L.P (2000), Cooperative Marketing in India, Himalaya Publishing House, Mumbai. Pp 4-45.
- Thomsen F.L (1951), Agricultural Marketing, Mc Graw-Hill Book Company, Inc. New York. p.1.