

Marketing Co-operative Societies in Namakkal District-A Study

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1. Introduction

The rural areas of Namakkal district are well known for the cultivation of commercial crops like cotton, groundnut, gingili, turmeric and food crops like paddy and cereals. It was reported that more than 60% of the people were engaged in cultivation of cotton, groundnut, gingili, turmeric and more than 50% of farming communities were provided with a good package of benefits from co-operative Marketing societies. Three Agricultural Producers Marketing Co-operative societies such as Thiruchengode Agricultural Producers Co-operative Marketing Society(TCMS), Namakkal Agricultural Producers Co-operative Marketing Society(NCMS) and Rasipuram Agricultural Producers Co-operative Marketing Society(RCMS) are functioning in Namakkal district, Tamil Nadu.

The Headquarters of Tiruchengode Agricultural Producers Co-operative Marketing Society Ltd No.S 351 (TCMS) is located at the foothills of Lord Arthanareeswara Hill temple at No.9 Katchery street, Velur Road, Thiruchengode as taluk headquarter of the Namakkal district. This society was registered in 16.4.1930 and commenced its business on 30.04.1930 and has successfully completed 88 years of its service. The command area of TCMS is confined to the whole of Namakkal and Salem district consisting of Tiruchengode, Sankari, and Edappadi Taluks, Currently, the TCMS has two branches, one at Konganapuram (started on 05.12.1936) and another one at Mallasamudran (started in 16.07.1975).

The Namakkal Agricultural Producers Co-operative Marketing Society Ltd No.S. 607 (NCMS) is situated at 69, Tiruchengode Road,at Namakkal. It was registered on 02.05.1939 and commenced its operation in 21.06.1939. It has completed 79 years of its business and its command area covers both Namakkal and Paramathi Taluks. The NCMS markets the agricultural produces and supplies agricultural inputs like seeds and fertilizers to its member farmers. It issues both produce pledge loans and jewel loans to needy members. The society also supplies controlled and non-controlled goods through fair price shops. Once this society sold iron and steel, but currently this service is not offered due to high fluctuation of price and stiff competition from private traders in the market. Recently it has started supplying medicine to customers.

The Rasipuram Agricultural Producers Co-operative Marketing Society Ltd No. S 318 (RCMS) is located at 7, Chinna Mettu Street, heart of Rasipuram town at Namakkal district. The society was registered on 02.04.1929 and started its business on 25.08.1929. The RCMS is the oldest marketing society in Namakkal Taluk and it has completed 89 years of its working. The Rasipuram Revenue Taluk is the command area of this society and in addition to marketing of cotton, groundnut and turmeric; it undertakes supply of fertilizer, consumer goods, and liquefied petroleum gas cylinders to customers. Further, it acts as a lead society for Public Distribution system(PDS).

2. Structure of Marketing Co-operative in India.

The structure of Cooperative marketing societies in india consists of: (A) National Agricultural Cooperative Marketing Federation (NAFED) at the National level, (B) State Marketing Federation at state level, (C) District or Regional Marketing Societies at the intermediate level and (D) Primary Marketing Societies at the base level.

a. National Agricultural Cooperative Marketing Federation (NAFED)

NAFED the National Agricultural Cooperative Marketing Federation of India (NAFED) is an apex organization of marketing cooperatives in the country. It deals in procurement, processing, distribution, export and import of selected agricultural commodities.

b. State Marketing Federation at state level.

State Marketing Federation are state level institutions working as a federal body of primary marketing cooperatives and they are working in all state head quarters with the objectives of facilitating, coordinating and promoting the trading and marketing activities of the members, to undertake inter-state and intra-state trade, to undertake purchase, sale and distribution of agricultural requisites, to act as an agent of NAFED, NCDC, TRIFED, etc

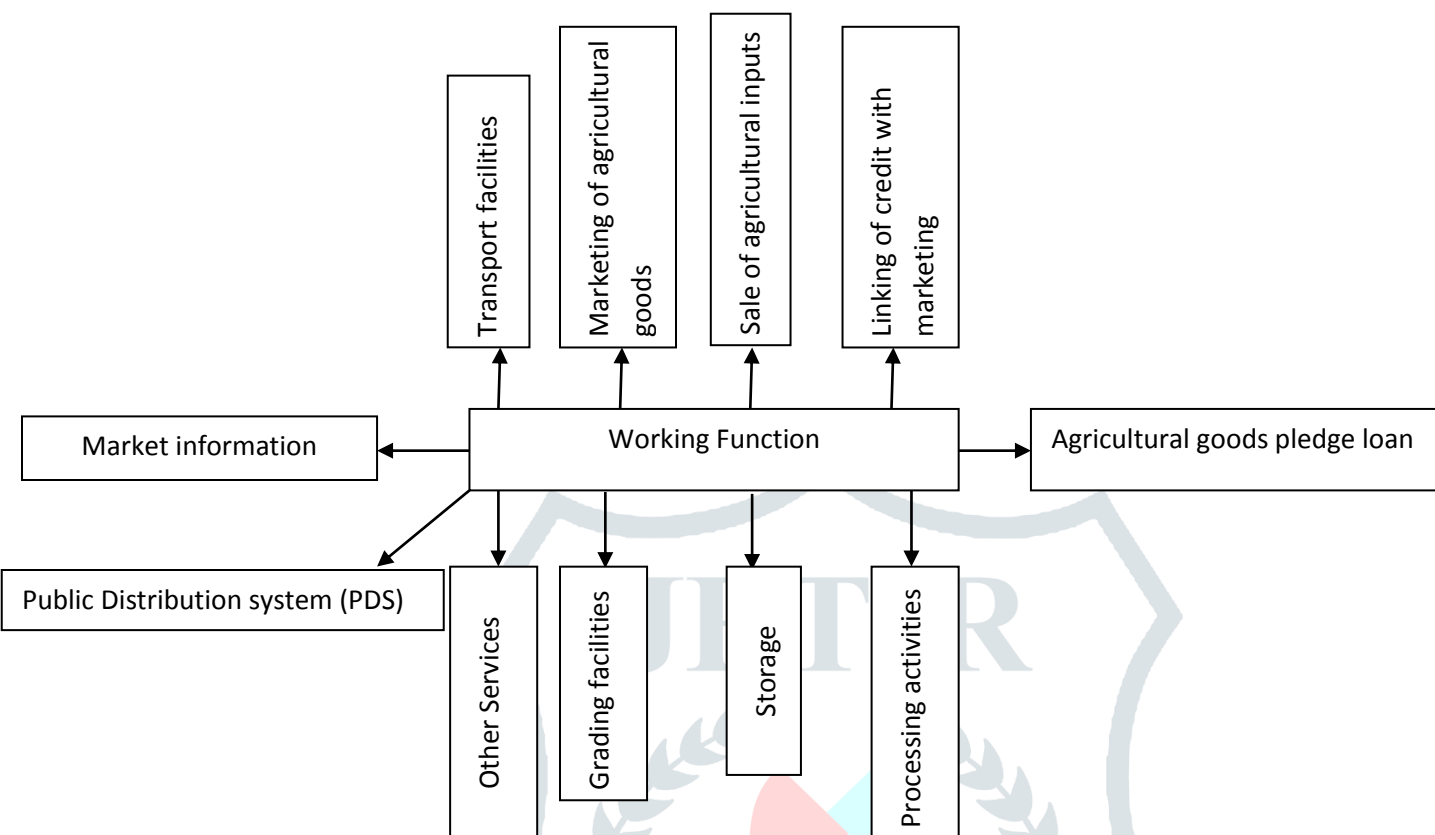
c. District or Regional Marketing Societies.

The central or district marketing societies existed only in few states. These societies are expected to co-ordinate the functions of primary marketing societies both in regard to marketing of agricultural produce and distribution of agricultural commodities and consumer goods and also undertake processing, and where necessary inter district trade etc. in actual practice these societies are mostly engaged in the distribution of agricultural production requisites like fertilizers and essential consumer articles.

d. Primary Agricultural Producers Cooperative marketing societies (APCMS) in Tamilnadu.

There are 110 Agricultural Producers Cooperative Marketing Societies (APCMS) in the State functioning with the primary objectives of marketing of agricultural produce and selling fertilizers and other inputs. Most of them also participate in the Public Distribution System(PDS). Out of 110 APCMS in Tamilnadu, 93 APCMS are identified as successful societies based on the high turnover, services rendered and profit earning capacity.

3. Working performance of Cooperative marketing Society in Namakkal District.



i) Turnover of Sample Societies

Since agricultural products are season based, the marketing societies have several marketing operations. For instance, cotton is produced and marketed from July to September and in winter from December to April, gingili seeds from June to August, groundnut from September to February, castor seeds from December to March, Coconut from January to March, maize from April to July and September to October, and sunflower from January to February and from September to October, Banana is marketed throughout the year. While marketing the output, the selected units under the study followed two systems viz. Open bid auction system, and Secret bid tender system. Generally the open bid auction system is followed for larger quantity of commodities whereas the secret bid tender system is followed for lesser quantity of commodities.

Table.1

Total Turnover of the sample societies

(Rs. In Lakhs)

Year	Name of the Marketing Society		
	TCMS	NCMS	RCMS
2004-05	10206.08	3254.85	4813.29
2005-06	9991.75	2981.69	5533.80
2006-07	13902.70	3984.26	6069.68

2007-08	13778.34	4251.37	6459.19
2008-09	19150.67	4592.45	7340.24
2009-10	21241.69	3426.82	9721.83
2010-11	27667.08	3730.25	15812.55
2011-12	31628.25	4526.95	14681.33
2012-13	31590.95	3546.13	11457.76
2013-14	30047.29	5374.06	12764.19
Mean	20920.48	3966.88	9465.39
S.D	8788.00	727.91	4008.24
C.V%	42.01	18.35	42.35
AGR	13.96	8.30	13.75
CAGR	15.71	3.50	13.75

The table 1 highlights the annual turnover of the sample societies. Annual turnover of all the societies has fluctuated during the study period. Annual turnover of TCMS has increased from Rs.10206.08 Lakhs in the year 2004-05 to Rs.30047.29 Lakhs in the year 2013-14. In NCMS, the annual turnover stood at Rs.5374.06 Lakhs at the end as against Rs.3254.85 Lakhs in the year 2004-05. The same trend continued in RCMS also.

Mean value of TCMS (Rs.20920.48 Lakhs) was greater than other sample societies. AGR and CAGR of the society was also satisfactory showing 13.96 and 15.71 respectively. To conclude, annual turnover of TCMS was appreciable during the study period. As TCMS is famous for its arrangements and infrastructure facilities for marketing the produces of its members, it maintains grading system, cold storage and multiple products marketing arrangements.

ii) Marketing of Agricultural Goods

Table 2

Total value of Marketing of Agricultural Commodities

(Rs. In Lakhs)

Year	Name of the Marketing Society		
	TCMS	NCMS	RCMS
2004-05	4674.46	754.38	954.46
2005-06	3471.50	514.75	758.84
2006-07	5926.10	721.17	1401.82
2007-08	4853.07	554.58	1219.94
2008-09	7166.00	789.39	1409.01
2009-10	7211.40	825.42	1855.73
2010-11	9380.88	2552.77	4691.68
2011-12	11428.72	1939.81	2812.84
2012-13	10988.60	1653.63	2188.58
2013-14	12139.05	1741.60	3160.58

Mean	7723.98	1204.75	2045.35
S.D	3092.15	707.04	1212.79
C.V%	40.03	58.69	59.30
AGR	14.85	23.11	25.94
CAGR	14.21	16.55	17.06

The table 2 indicates the total value of marketing of agricultural commodities. In TCMS, the total value of these commodities has increased from Rs.4674.46 lakhs in the year 2004-05 to Rs.12139.05 lakhs in the year 2013-14. In NCMS, it stood at Rs.1741.60 lakhs in the year 2013-14. In NCMS, it stood Rs.1741.60 lakhs in the year 2013-14 as against Rs.754.38 lakhs in the year 2004-05.the same trend was observed in RCMS also.Mean value of marketing of agricultural commodities was greater in TCMS (Rs.7723.98 lakhs) than other societies. AGR and CAGR of RCMS were found high constituting 25.94 % and 17.06% respectively.

iii) Profit position of Sample Marketing Societies

Though the main aim of cooperation was not maximizing profit, they should earn profit in order to render efficient service to its members. It was found that all the three selected societies were working on profit and the TCMS had been working profitably from its inception. It was reported that the TCMS had received several shields, awards and prizes from different organization for its outstanding performance. The TCMS had certified that an ISO 9001-2000. For the best services to the public and members for providing marketing, processing, sale of agricultural inputs, financial services, and sale of controlled and non-controlled goods.

Table 3
Position of Gross Profit

(Rs. In Lakhs)

Year	Name of the Marketing Society		
	TCMS	NCMS	RCMS
2004-05	155.85	39.63	40.64
2005-06	137.78	36.12	26.69
2006-07	217.44	45.09	49.59
2007-08	186.13	54.80	54.77
2008-09	355.67	59.58	71.72
2009-10	317.99	67.55	104.13
2010-11	486.06	99.67	210.61
2011-12	569.47	49.03	158.12
2012-13	586.92	47.06	118.12
2013-14	672.45	52.60	158.27
Mean	368.54	55.11	99.27
S.D	197.69	18.16	61.13

C.V%	53.64	32.96	61.58
AGR	22.24	7.12	24.90
CAGR	20.60	4.17	22.04

The table 3 reveals the position of gross profit in the sample societies. The gross profit of the sample societies have been increasing over the year with small fluctuations. Gross profit position of TCMS has increased from Rs.155.85 lakhs in the year 2004-05 to Rs.672.45 lakhs in the year 2013-14. The gross profit position of NCMS stood at Rs.52.60 lakhs in the year 2013-14 and the cross profit of RCMS showed Rs.158.27 lakhs. Though the mean value of TCMS (Rs.368.54 lakhs) was higher than other societies, AGR and CAGR and RCMS were found high. It was clear that all the sample societies were very keen in generating profit and strengthen the financial position.

4. Summary

The formers of Namakkal District have been availing good package of services through Cooperative Marketing Societies. Among the three CMSs in this district, the position of share capital, Reserves, Deposits and Total investments were satisfactory in TCMS, However, the working capital of all societies was high during the study period. Total investment position of NCMS and RCMS has fallen over the years and the sale of inputs by these societies was found meager. These societies faced severe fluctuations in granting agricultural pledge loan also. Total income and net profit of sample CMSs were appreciable except NCMS. In TCMS and RCMS, high correlation was found among the financial parameters. In NCMS, correlation between economic viability and other working performance ratios were found negative. In short, the working performance of TCMS was highly appreciable during the study period. The performance of RCMS seems to be encouraging. But, most of the variables of working performance were not satisfactory in NCMS.

5. Suggestions of the study

Few suggestion are made to maximizing the working performance of Cooperative Marketing Societies in Namakkal District under the study.

a. Input and output Marketing

The CMSs are supplying inputs like seeds, fertilizers, pesticides and agricultural implements at reasonable cost. However they should take necessary actions to distribute required inputs adequately with good quality at high time. The CMSs have to allocate more money to price Fluctuation fund.

b. Allied Marketing Services

The CMSs may join their hands with PACS to encourage and motivate the farmers to implement the scheme of linking of credit with marketing which helps the CMSs to increase their volume of business on the one hand and helps the PACS to facilities easy recovery of loans on the other hand. To help the farmers to fetch reasonable price for their agricultural produces and to facilitate the effective distribution of controlled and non-controlled goods, the CMSs should have adequate storage facilities. They should take necessary actions to undertake grading and processing activities to create value addition to agricultural products brought by farmers which in turn helps the farmers to get fair prices.

c. Augmenting the Sources of Funds

To extend more appropriate and relevant services to the farmer members the CMSs need to strengthen their internal resources. In this regard the CMSs may take appropriate steps to approach DCCB and other Cooperative organization working in their area of operation to subscribe more shares. The CMSs may also take efforts to mobilize more

deposits (term deposits) from members and non-members and other cooperative and private institution working in their command area.

d. Service Utilization

The CMSs are extending number of services to farmers. Although more number of farmers availed more than one services, the CMSs should encourage their members to avail almost all services extended by them in order to bring economic development in their lives. In this regard the CMSs should create a good awareness among the members, though the majority members have knowledge about cooperatives.

e. Strengthening the Linking of Credit with Marketing

The growth and development of cooperative organization depends on the effective implementation of the principle, 'Cooperation among Cooperatives'. This principle insists that one cooperative organization has to integrate with other cooperative organization to increase its volume of business and ultimately to work as a viable institution/unit.

f. TCMS Model

Since inception, the TCMS has been working very successfully and profitably in its business operation by rendering more and more (required and essential) services to its member farmers. In addition, it is acting as an exemplary society in the field of agricultural marketing in India. Thus, it is regards as TCMS Model. The TCMS model-need to be adopted by other APMCSs through establishing coordination and amalgamation with TCMS. The following activities/proposals are suggested in this context.

g. Integrated Processing Units

The other Marketing societies (NCMS and RCMS) in the region/district should join their hands with TCMS to establish an integrated processing unit at a centre place to create value addition to agricultural produces and achieve the economy of the operation such processing units. For instance, establishing cotton processing units, setting up of oil extraction mills, paddy processing units and the like.

h. Procurement Outlets

The TCMS has already established a number of procurement outlets to facilitate the outright purchase. In this connection, the other marketing cooperative can also join with TCMS to operate more procurement outlets, so that they can establish market leadership for the notified agricultural commodities in the region.

i. Increase the Input Procurement Centers

The TCMS procures varieties of quality inputs from different sources and in turn supplying them to its farmers at reasonable cost. In this respect, the other societies working in the region can establish a cordial relationship with TCMS to operate more number of input procurement centers, so that farmers can get the required inputs with required quality at reasonable prices.

j. Collaboration with Regulated Markets

All cooperative marketing societies functioning in the region can collaborate with regulated markets, so that they can establish market leadership in the procurement, processing and sale of agricultural commodities in the district. This may enable for perfecting the marketing system.

6. References

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