

Cooperative Marketing of Agriculture Produce

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Cooperative marketing of agriculture produce is necessary even in normal times but the need is much more when market conditions deviate from healthy practices and undesirable forms of speculations are resorted to. In such cases, the profit motive on the part of the middleman leads to price manipulation and consequent fluctuations of prices. In such circumstances the need for Cooperative marketing of Agricultural produce on a substantial scale becomes urgent as it can help in stabilizing prices.

Key words: STATEFEED, NAFED, PMS

In this research article the issue of marketing of Agricultural produce has been thoroughly examined. An attempt has been made to study the structure of Cooperative marketing, right from the grass root level to its apex pattern of financial assistance required and its mode of release. Extending the line of Investigation, state wise Cooperative marketing of Agricultural produce has also been examined. The investigation for the highlights the role of National Agricultural Cooperative Marketing Federation (NAFED) in the coordination for the various activities of the state marketing societies.

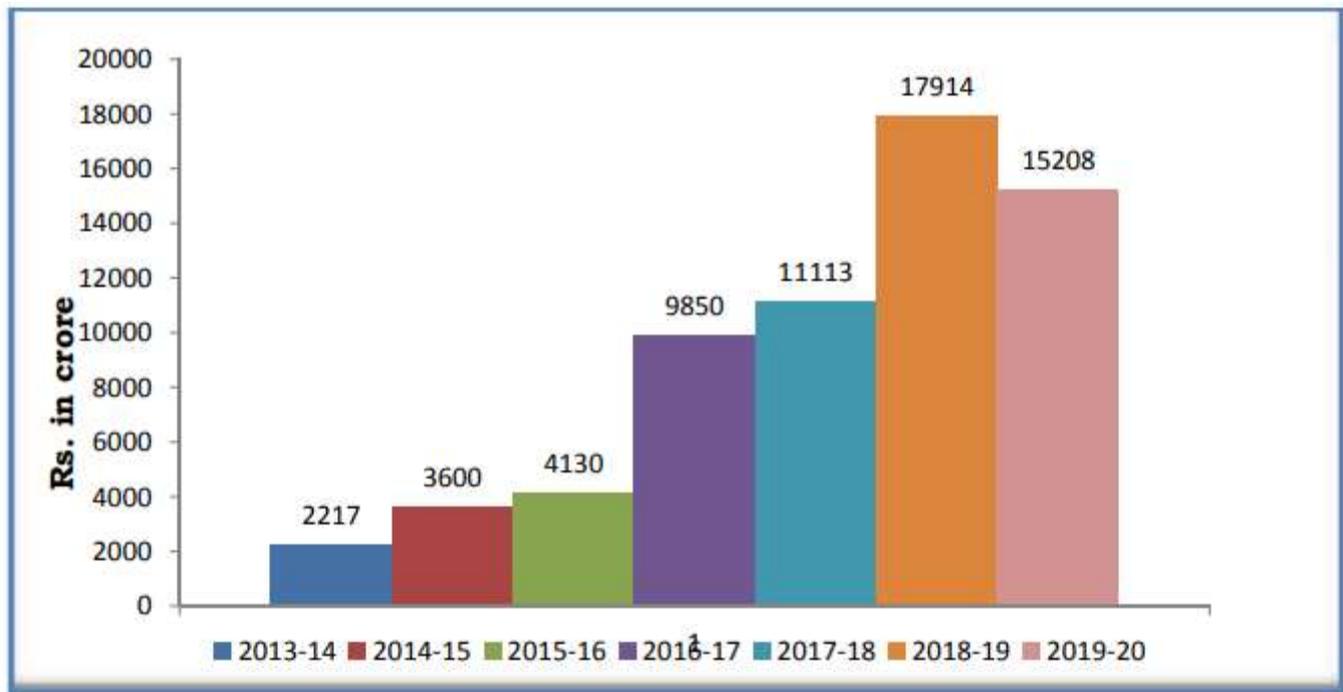
It is well known that the prices received by farmers in India are wholly inadequate and have no relation with actual prices paid by consumers. A large chunk is swallowed by a host of middlemen whose charges are wholly incommensurate with the services actually rendered by them. Even in the United Kingdom, where the marketing of Agricultural produce is well organized, The Linlithgow Committee had reason to observe that the spread between producer's and Consumer's prices is unjustifiably wide. Taken as whole, distribution costs are far heavier burden than what society will permanently consent to bear.

A.I. Qureshi a critic of the Cooperative movement has remarked that India was backing a wrong horse in whipping up the credit movement. It has not shown outstanding results in any country of the world.ⁱ Well organized marketing Institutions would confer even greater benefits on the agricultural producer than do the credit institutions. The latter by supplying cheap credit may reduce interest charges to the agricultural borrower but a greater drain on his income than the exorbitant interest that the village money lender charges is exploitation by the trader who gives the producer an inadequate share of the prices of his produce. Moreover, the existence of a chain of middlemen in the marketing of Agricultural goods considerably reduces the return to the producer. If such middlemen could be eliminated and a fair share of the price secured to the farmer, the additional income he would thereby receive would be a far greater benefit to him than a reduction of interest. Such additional income would also help him to pay debts to the society more rapidly and thus strengthen credit institutionsⁱⁱ. Thus marketing is relatively more important than credit and it is the Cooperative marketing through which the middleman can be eliminated. In the words of Dantwala Committee on Cooperative marketing " The main object for which growers organise a Cooperative marketing society is to enable them to market the produce to their best advantage and for this purpose, to streamline the whole process of movement of goods to the consuming markets"ⁱⁱⁱ.

Cooperative marketing structure:-

The format of Cooperative marketing structure which the NCDC has adopted is of a federal type. There is a three tiers pattern of organisation . Primary Marketing societies (PMS) work at the Grass root level. State Marketing Federation (STATEFEED) works at the intermediate level and the National Agricultural Marketing Federation (NAFED) at the apex body. The PMS are by and large located at the secondary market (Mandi) or wholesale assembling centers with their areas of operation limited to the natural hinterland of the market concerned. However, in a few States, marketing societies are organised at the headquarters of the block or Taluka with their jurisdictions extending to the block or Taluka as a case may be irrespective of the existence or otherwise of a market at those places and their natural catchments area. In Bihar the headquarters of marketing societies are located at the block level and their areas of operation are co-terminus with the area of block concerned. In West Bengal, the area of operation of marketing society is often determined on the basis of the area of the police station. In Assam the area of a marketing society is defined to suit the operation of the State Trading Scheme. In Andhra Pradesh the jurisdiction of PMS is generally co-terminus with the relevant Taluka irrespective of the natural command area of the market.

Government announces Minimum Support Prices (MSPs) for 22 mandated crops & Fair and Remunerative Price (FRP) for sugarcane on the basis of recommendations of the Commission for Agricultural Costs and Prices (CACP), after considering factors. The mandated crops are 14 for kharif season viz. paddy, jowar, bajra, maize, ragi, arhar, moong, urad, groundnut-in-shell, soyabean, sunflower, sesamum, niger seed and cotton; and 6 for rabi season viz. wheat, barley, gram, masur(lentil), rapeseed/mustard and safflower and two other commercial crops viz. jute and copra. In addition, the MSPs of toria and de-husked coconut are fixed on the basis of the MSPs of rapeseed / mustard and copra, respectively. NCDC has been providing working capital assistance for MSP operations through Cooperative Marketing Federations and other Cooperative agencies. During the year 2019- 20, Corporation sanctioned working capital assistance of Rs.20653.94 crore and released Rs.15207.79 crore. Cumulatively as on 31.03.2020, NCDC has disbursed Rs.69907 crore as working capital for MSP operations of which Rs.64032 crore has been released in the last 7 years as depicted:



Source: NCDC Annual report 2019-2020.

The Dantwala Committee on Cooperative marketing made a number of recommendations regarding the structure and Organisation of Cooperative marketing societies and their membership. In its opinion "The state government should draw up a phased program to revitalize the ineffective and the marginal societies within the period of 5 years. The aim should be that such societies should within the above period ,be able to handle a reasonable minimum marketing and other business which may be fixed by the state government individually for each prescribed script societies. If any society which fails to achieve its minimum business within time, we consider that no useful purpose will be served by continuing such a society and it will have to be liquidated^{iv}

Most of the state governments to whom these recommendations were communicated by NCDC initiated action to setup a phased program for revitalisation of weaker societies. The progress in this regard was reviewed by the Conference of State Cooperative ministers held in January 1973, which opined that nearly one third of the total number of marketing societies were not engaged in the marketing business and a majority of the remaining societies were not viable . The conference, therefore, felt that there was an urgent need for taking up the programme of revitalisation of PMS on a priority basis. States, which had not yet taken up the identification of potentially viable societies should immediately take steps to complete the work .The state government should draw up suitable phased programs for the revitalization of such marketing societies and also undertake systematic evaluation of their progress at the frequent intervals^v. A study conducted by NAFED revealed that 33% of PMS for not doing any business of marketing of Agricultural produce while another 14% of the societies were doing less than rupees 1 lakh business ,14% rupees 1.5 lakh 9% rupees 5.10 lakh, 10% Rupees 10 to 20 lakh and 15% about rupees 20 lakh .This shows the structural weakness of marketing societies at the primary level which needs to be revitalised and activated^{vi}

After examining the working of district federation "The Dantawala Committee" arrived at the conclusion : "... under the existing marketing structure, these federations have very little role to play in actual marketing of Agricultural produce .The involvement of the district fedration will only result in extra holding cost and unnecessary movement of stocks^{vii}."

With hundreds of primary units in the entire country ,the committee however considered that there was no need for independent organisation at the district level .For this purpose a branch of the apex society at the district or regional level as the case might be ,would serve the same purpose .The committee, therefore ,recommended that the future pattern of organisation of marketing Cooperatives should be a two- tier system, with the apex Society at the state level with its branches at the district or regional level and PMS at the Mandal level.

In view of the Recommendations of Dantwala Committee, it was therefore decided by the NCDC that in states where district level societies did not exist, no such societies should be organised a fresh . In areas where the apex marketing society is on the one hand and PMS on the other hand developed sufficient financial strength and business competence the advantage lay in the elimination of the middle tier.

The Apex marketing societies at the state level have a crucial role to play in the development of Cooperative marketing of agricultural produce. The need and importance of the societies found to be outlined by the All India Rural Credit Survey Committee Report (1954). "Organised properly and at the appropriate stage e.g. at the apex ,not of a non existence or ineffectual structure but of one which has been carefully developed and is actively functioning, the State Cooperative Marketing Societies have an extremely important role to play"^{viii}

To conclude: The Indian agriculturist still stands in need of a fair and adequate system of marketing of his produce . Marketing Cooperative is of the farmers in some of the states of India have succeeded remarkably well in securing a fair price for the producer and also increasing the quantity of goods marketed. The NAFED also played a creditable role in increasing the marketing of Agricultural produce both internal and external trade. Despite these achievements there are still a large number of marketing societies whose performance are not upto the mark. They are hamstrung in their working by factors like dishonesty, mutual jealousy, village faction. As such there is the need of strengthening weak Cooperative marketing societies in a plant way. NCDC should come forward to pay the expenses of guidance and subsidies to search marketing societies as agree either to amalgamate with healthy and sound operating societies or re-organize their business on proper lines.

ⁱ Report on India's Food Crisis and Steps to meet it(1959) page number 89 to 99

ⁱⁱ Report of the technical meeting on Cooperative in Asia and Far East organised by FAO at Lucknow, quoted in FAO Agricultural Development paper number 34, page 40

ⁱⁱⁱ Report of Dantwala Committee on Cooperative marketing (1966),page 16

^{iv} Report of NCDC and NCDC Publication ,1967 68 page 10

^v NCDC ,NCDC Publication 1972- 73 ,page 8

^{vi} Report of task force on Cooperative marketing processing and storage of Agricultural produce for the seventh plan and NCDC Publication (1984),page 19

^{vii} Annual report of NCDC 1966 -67 ,page 8

^{viii} All India rural credit survey Committee report ,general report (1954) page 442

