



Munich Personal RePEc Archive

**Rural Cooperative Marketing
Management Efficiency in the Era of
Globalization: A Synthesis of Case
Studies of FV Marketing**

Shah, Deepak

Gokhale Institute of Politics and Economics

10 December 2006

Online at <https://mpra.ub.uni-muenchen.de/3853/>

MPRA Paper No. 3853, posted 06 Jul 2007 UTC

Rural Cooperative Marketing Management Efficiency in the Era of Globalization: A Synthesis of Case Studies of F&V Marketing

Deepak Shah*

Context

The Government of India, recognizing the need for evolving an efficient marketing system, which forms the core of agricultural growth, recently constituted an Expert Committee on “*Strengthening and Developing of Agricultural Marketing (June, 2001)*”. This expert committee has categorically emphasized upon the need to formulate strategies that are required to handle the increased quantities of marketed surplus, which are expected to be large in view of available projections of production and marketed surplus as well as marketed surplus-output ratios of various commodities. It is also expected that the post-WTO world trade order will further put increasing pressure on the agricultural marketing system and trade practices of various agricultural commodities.

Though, crop and region specific, cooperative marketing in India stands successful due to emergence of local service oriented leadership, unique crop characteristics, favourable socio-cultural milieu, evolution of need based strategy, enterprise oriented organizational framework, support of government and emergence of dedicated and vibrant professional management, they are still beset with more failures than success. The new market environment has put agricultural cooperative leadership on the crossroads-“*whether to redefine and strengthen its role to sustain in a competitive economic environment or to continue to remain as an appendage to the government departments*” (Datta and Kapoor, 1996). At present, the need of the hour is to assess the role and critical dimensions of cooperative leadership with a view to identify persons having minimum leadership qualities with such management training skills that need to be imparted to strengthen the functioning of cooperative leadership.

The success achieved so far can be considered as modest if compared with the need and potential available for co-operative marketing. So far the negative factors have dominated over positive features and as a result this sector still draws attention from policy makers with a view to bring it at par with other competing sectors. In the era of liberalization and globalization, the challenges posed before the co-operative marketing societies will further aggravate.

It is against this backdrop and in view of deficiencies in co-operative marketing network, and also recognizing the significance of various emerging problems and issues facing the co-operative marketing system, that the present study, carried out in the state of Maharashtra of India during 2003-04, has its foci on the cooperative marketing management efficiency that lead to their success and failure, especially with respect to fruit marketing societies. The study concentrates on two societies dealing with the marketing of banana in the state of Maharashtra – one showing success and the other failure due to positive and negative features

* Faculty Member, Gokhale Institute of Politics and Economics (Deemed University), B.M.C.C. Road, Deccan Gymkhana, Pune – 411 004 (Maharashtra), INDIA

Data Base, Methodology and Conceptual Framework

The two case studies selected dealing with success and failure of co-operatives marketing societies of fruits, in particular, were drawn from Jalgaon district of Maharashtra. Out of 374 fruits and vegetables co-operative marketing societies operating in the state of Maharashtra, Jalgaon district encompasses 45 such societies. From Jalgaon district, two talukas namely, *Yaval* and *Raver*, were purposely selected for further selection of success and failure cases subject to the condition that they should be having a history of at least 10 years of business.

Necessary information on various parameters was collected from each of the selected societies, i.e., Nahvi Co-operative Fruit Sale Society (NCFSS) and Khanapur Group Fruit Sale Co-operative Society (KGFSS), with the help of well-structured schedules. The NCFSS showing success was located in Yaval taluka and the KGFSS marked with failure in Raver taluka of Jalgaon district of Maharashtra. Several quantitative as well as qualitative parameters and indicators have been considered to evaluate the performance of the two societies over time with a view to trace reasons for their success and failure. The performance of these societies is evaluated not only in terms of their business and welfare activities but also with respect to the benefits accruing to their members in particular and the farming community in general.

As for the conceptual framework for evaluating the performance of co-operatives is concerned, the notable contributions in this respect are from Seetharaman and Mohanan (1986), Gupta (1989), Shah et al. (1992), Baviskar and Attwood (1990), and Datta and Kapoor (1996). Apart from these studies, some other studies have dealt with the success and failure of agricultural non-credit cooperatives, particularly marketing societies (Attwood and Baviskar, 1987; Deshpande and Reddy, 1990; Kumar, 1990; Singh, 1990). The success or failure of a society can be measured through economic sustainability that is measured by the behavior of net returns emanating to members of the co-operative organization over a fairly long period of time.

Historical Backdrop of Societies

The NCFSS, located in the village of *Nahvi*, is around 20 kms from *Yaval taluka* of Jalgaon district of Maharashtra. It is reckoned as one of the best societies dealing with the marketing of banana. The society came into being on 2nd September 1962. In fact, Jalgaon district is considered as one of the leading producers of banana not only in Maharashtra but also in India. *Yaval* and *Raver* are the main banana producing talukas of Jalgaon district. Before the establishment of the NCFSS, the farmers used to market their banana produce through private traders, who often used to cheat the farmers through several ways. This not only included untimely payment but total evasion of payment to the farmers. In fact, many private traders belonged to other states. These traders used to procure banana from the farmers with the promise of payment after the sale of produce in the wholesale market. However, many a times this payment was not made to the farmers. These private traders were also found indulging in malpractices such as reporting improper weight of the produce to the farmers. In order to avoid such cheating and malpractices indulged in by the private traders, the farmers decided to form their own society, especially to cater to their needs of marketing of banana produce and their other requirements relating to inputs such as fertilizer, insecticides and pesticides, etc.

The KGFSS is located around 15 kms from *Raver taluka* of Jalgaon district. It was established in the village of *Khanapur* on January 30, 1981 as a society dealing with the marketing of banana. Before the establishment of the KGFSS, the marketing of banana was in the hands of some small affluent groups operating in and around the village of *Khanapur*. Each of these groups consisted of 4-5 persons. These groups were mainly concerned with the marketing needs of rich affluent large farmers and they paid negligible attention to the marketing requirements of farmers belonging to small and marginal categories. These groups also used to cheat poor farmers whenever the marketing of banana produce was practiced through them. These groups were well connected with various private traders. The predominance of these groups often resulted in lack of market access to small and needy farmers. In order to reduce the influence of these groups, some of the banana cultivators consisting of both poor and rich farmers decided to form their own society, particularly to meet their marketing requirements of banana produce and their other needs relating to inputs. And, this paved the way in the formation of KGFSS.

Performance Appraisal

With the advent of time, there has been considerable growth in the volume of business and facilities extended by the NCFSS. This society has shown excellent results not only in terms of its marketing of input and output but also with respect to its profit profile. Information on the progress of the NCFSS in terms of broad quantitative parameters over the past two decades, in particular, is provided in Table 1.

Table 1: Progress of NCFSS and KGFSS between 1980-81 and 2001-02

(Amount in Rs.)

Indicators/ Period	Member- ship	Share Capital	Reserve &Other Funds	Profit	Dividend (%)	Fertilizer Sale Value	Banana Sale Value	Credit (Loan Advances)
NCFSS								
TE 1982-83	290	349952	1400523	50553	7	1182785	4972514	1968867
TE 1992-93	281	355350	1752707	87368	12	1568355	6749097	1356540
TE 2001-02	196	251620	2839556	259714	14	3848530	29331946	1110421
ACGR (%)								
1980/81-1990-91	-0.44	0.38	2.64	0.02	8.49	1.40	0.01	-5.05
1991/92-2001/02	-4.45	-4.28	6.07	16.52	1.84	9.13	18.73	-4.78
1980/81-2001/02	-2.20	-2.33	3.48	11.01	4.33	6.64	10.51	-2.89
KGFSS								
TE 1984-85	138	13800	17661	10575	9	-	2293627	665139
TE 1992-93	378	70933	395774	77497	-	1383907	2721629	1005533
TE 2001-02	814	176533	859786	-	-	1991501	11611098	5298817
ACGR (%)								
1982/83-1990-91	10.12	18.10	41.70	-	-	7.97	5.11	16.07
1991/92-2001/02	9.85	11.64	7.73	-	-	-0.01	25.4	22.16
1982/83-2001/02	7.09	10.32	21.73	-	-	3.96	8.20	11.12

Source: Computations are based on figures obtained from various annual reports of NCFSS and KGFSS

Note: ACGR – Annual Compound Growth Rate

* - Significance of growth rates at one percent level of probability

Although during the past two decades the NCFSS showed a declining trend in its membership and share capital base, the period gone by was also seen to be marked with an encouraging increasing trend in its reserve and other funds, volume of sale of fertilizer and banana, especially during the decades of 1990s as against decade preceding it. Profit profile of

the NCFSS grew sharply only during the decade of 1990s. Nonetheless, a significant slowing down in dividend declared by the society was noticed during the latter as against the former period. As for extension of credit to its members, a steady decline in the same was noticed all through the period between TE 1982-83 and TE 2001-02. Thus, except for credit, membership and share capital base, the NCFSS showed remarkable time scale increase in all the quantitative parameters listed in Table 1.

As for KGFSS, though a critical evaluation of Table 1 showed several folds rise in membership, share capital and reserve and other funds over the past two decades, the overall financial health of the society was seen to be quite depressing due mainly to the fact that despite encouraging trends shown with respect to the above parameters this society had been showing losses for the past several years. In fact, it was only during the period between 1982-83 and 1995-96 that this society showed profit with an exception to the year 1986-87 when it had incurred a loss. After 1995-96, the KGFSS was seen to have plunged into losses. Due to losses incurred by the society in recent times and also due to significant fluctuations in profit after 1987-88, the KGFSS could declare dividend to its members only during the period between 1982-83 and 1984-85. The losses incurred by the society over the past six years have further worsened the situation. Further, The KGFSS also showed significant fluctuation in its marketing of input and output, which basically remained unstable over the past two decades. Not only this, credit extension by the KGFSS to its members continued to remain distorted and unstable between 1982-83 and 2001-02.

Business Turnover and Profit Profile

The total business turnover of the NCFSS grew significantly over the past two decades. This is evident from Table 2, which not only provides an insight into the total business turnover of the NCFSS encompassing the period between 1982-83 and 2001-02 but also annual sale value of input and output, gross and net profit of the society during this period.

Table 2: Sales, Turnover and Net Profit of the NCFSS and KGFSS (Rs.)

Year	Annual Sale / Business		Turnover	Gross Profit	Net Profit
	Input	Output			
NCFSS					
1982-83	1307200 (0.00)	4752060 (0.00)	6649241 (0.00)	38717 (0.00)	57897 (0.00)
1990-91	1447776 (10.75)	6255877 (31.65)	8804753 (32.42)	48306 (24.77)	122922 (112.31)
1996-97	3637875 (178.30)	19378284 (307.77)	24874159 (274.09)	120908 (212.29)	264937 (356.89)
2001-02	5943761 (354.69)	26228950 (451.95)	36714193 (452.16)	81870 (111.46)	294212 (408.16)
KGFSS					
1983-84	850355 (0.00)	1867636 (0.00)	3267306 (0.00)	23441 (0.00)	16448 (0.00)
1990-91	1295807 (52.38)	3957382 (111.89)	6600229 (102.01)	46341 (97.69)	60257 (266.35)
1996-97	2697241 (217.19)	2562799 (37.22)	6403562 (95.99)	98056 (318.31)	-
2001-02	433199 (-49.06)	8867844 (374.82)	13168772 (303.05)	9680 (-58.70)	-

Source: Computations are based on figures obtained from various annual reports of NCFSS and KGFSS

Note: Figures in parentheses are percentage rise in respective parameter with 1982-83 as base

The total business turnover of the NCFSS increased from Rs.66,49,241 in 1982-83 to Rs.3,67,14,193 in 2001-02, indicating 452 percent rise in the same during this period. The annual business of the NCFSS through output sale also grew by 452 percent during the period between 1982-83 and 2001-02 in the face of 355 percent rise in business of the society through sale of input during this period. Not only this, the net profit earned by the NCFSS increased over 400 per cent in 2001-02 when compared with net profit in 1982-83.

The total business turnover of the KGFSS increased from Rs.32,67,306 in 1983-84 to Rs.2,32,78,074 in 2000-01 with a decline in the same to Rs.1,31,68,772 in 2001-02. In fact, during the period between 1983-84 and 2001-02, the increase in gross profit of the KGFSS was the highest in 1999-2000 with 1983-84 as the base. But, with 1983-84 as the base, the gross profit of the KGFSS declined by 59 per cent in 2001-02. Similarly, with the same base, the marketing of input of this society declined by nearly 50 per cent in 2001-02, whereas the increase in marketing of output was the highest in 2000-01.

Thus, both the societies showed mixed trends insofar as the various quantitative parameters undertaken in Table 2 are concerned. However, in this respect, the KGFSS showed quite depressing performance, particularly in terms of profit profile and marketing of inputs.

Marketing Activity

It is to be noted that in the marketing of banana or any other horticultural produce the price is by far the most crucial aspect/factor as the procurement of produce chiefly depends on it. In the case of banana procured by the NCFSS, the procurement prices are fixed based on the first auction of the produce taking place in *Brahanpur* marketing center located in Madhya Pradesh. The society generally charges 3 per cent commission from the payment due to the farmers. The packing of produce for marketing is usually done through banana leaves, which involves no packing problem or loss. Although the society makes payment to the farmers after one month, the society, on the other hand, receives payment after one week from the private traders. Information relating to quantity of banana marketed, average prices received by the society, maximum and minimum prices prevailing during different months with respect to the period between 1990-91 and 2001-02 is furnished in Table 3.

Interestingly, the entire banana crop procured by the society was traded in the domestic market through private trader. This is despite the fact that the banana crop procured by the NCFSS was of much superior quality as compared to the banana crop procured by other societies. Because of high quality produce procured by the society, the NCFSS was seen to be favourably inclined towards entering into the export trade of banana. Nonetheless, the major hurdle, as cited by the NCFSS, was the lack of availability of market intelligence/information service (MIS) in the export trade of this valued crop. The NCFSS, therefore, wanted the government to come forward and help such societies dealing with the procurement/marketing of banana, especially in terms of MIS and also in respect of providing information relating prices prevailing in various export markets. Although the NCFSS received higher rates for the banana crop than the rates received by other such societies operating in the area, the society was not very happy with these rates chiefly because of its much superior quality of produce. And, this is

one of the reasons as to why the NCFSS wanted to enter in the export market and was in favour of seeking help from the government in such trade.

Table 3: Marketing Activity of the NCFSS and KGFSS

(Quantity in Quintals; Price in Rs./Quintal)

Sr. No.	Year	Crop: Banana					
		Quantity Marketed (in Quintals)	Average Price (Rupees/Quintal)	Maximum Price		Minimum Price	
				Month	Price	Month	Price
NCFSS							
1	1990-91	57340	92.16	April 90	260	Feb. 91	73
2	1991-92	52630	141.57	April 91	260	June 91	83
3	1992-93	29006	210.00	April 92	303	Jan. 93	170
4	1993-94	30812	234.43	May 93	377	March 94	114
5	1994-95	54724	216.21	NA	-	NA	-
6	1995-96	53243	239.00	May 95	573	Oct. 95	168
7	1996-97	57806	325.20	April 96	503	March 97	256
8	1997-98	86452	310.35	May 97	412	Feb. 98	157
9	1998-99	81327	281.44	March 99	593	June 98	197
10	1999-00	109655	250.20	April 99	617	Oct. 99	130
11	2000-01	93623	346.90	Feb. 2001	475	Oct. 2000	190
12	2001-02	62627	406.24	July 2001	548	Sept. 2002	244
KGFSS							
1	1990-91	40154	83.55	April 90	260	Feb. 91	73
2	1991-92	22903	128.88	April 91	260	June 91	83
3	1992-93	4471	205.93	April 92	303	Jan. 93	170
4	1993-94	7024	221.75	May 93	377	March 94	114
5	1994-95	9724	182.83	NA	-	NA	-
6	1995-96	11558	286.00	May 95	573	Oct. 95	168
7	1996-97	8390	304.38	April 96	503	March 97	256
8	1997-98	8293	253.43	May 97	412	Feb. 98	157
9	1998-99	19544	290.59	March 99	593	June 98	197
10	1999-00	50848	245.70	April 99	617	Oct. 99	130
11	2000-01	64716	249.14	Feb. 2001	475	Oct. 2000	190
12	2001-02	27735	317.99	July 2001	548	Sept. 2002	244

The private trader was seen to be the only agency through which the KGFSS marketed banana in the wholesale market. The KGFSS marketed a total quantity of banana to the tune of 27,735 quintals in 2001-02, which was valued at Rs 88,19,453. In the marketing of banana, the only expenditure incurred by the society was in loading operation. The total expenditure incurred by the society in loading operation was seen to be Rs 53,838. Thus, the net sale value of banana produce marketed by the KGFSS stood at Rs 87,65,615.

Although the KGFSS has been marketing banana crop in the domestic market, one of the suggestions expressed by the society is noticed to be in favour of export trade of banana. This society also aired its view in favour of fixed procurement rates for the banana crop like cotton and other foodgrain crops. Adequacy and timely availability of transportation facilities through railways and reasonable railway freight rates for the transportation of produce were the other suggestions extended by the KGFSS.

Success Vs Failure

The major reasons that weighed in favour of the functioning of the NCFSS were: (a) timely provision/delivery of inputs to the farmer members, (b) reasonable rates of fertilizer, (c) remunerative prices/rates for the farmers' produce, (d) surety and timely payment for the farmers' produce, (e) fair weighing practices indulged in/followed by the society, (f) provision of advance payment to the members (Rs.2/plant), and (g) provision of finances to the farmer members for

meeting expenses towards electricity bill, labour payment, purchase of land, illness, marriage, etc. Majority of the sampled households aired their view in favour of these positive features for the success of the society. Some other less important reasons in this respect were seen to be provision of interest free loan advances to the members' upto one month and extension of guidance to the farmers regarding appropriate time for the harvesting of produce. The small and medium categories of households were more favourably inclined towards these other reasons for the success of the society. The reasons that weighed for the success of NCFSS and worked against the functioning of the KGFSS are enlisted in Table 4.

Table 4: Reasons for Success and Failure of NCFSS and KGFSS

Sr. No.	Success of NCFSS	Failure of KGFSS
1.	Provision of interest free loan advances to the members' upto one month and extension of guidance to the farmers regarding appropriate time for the harvesting of produce.	Disproportionate allocation of loans to some members, including board members, was one of the reasons for the poor financial health of the KGFSS. Some of the members of the board of management of the KGFSS sanctioned excessively high amount of loans to themselves despite their lower acreage under banana crop. These borrowers became defaulters when they diverted very insignificant or low quantity of banana produce to the society. They even avoided selling their banana crop to the society, despite being board members of the society.
2.	The society also inculcated in its members the habit of cultivation of superior quality produce. Because of better quality produce, the private traders were seen to give first priority/preference to the produce marketed by this society. This in turn ensured rise in demand for the crop marketed by this society.	Interference of private groups that operated like any other private traders dealing with the marketing of banana produce. On many occasions the banana procured by the KGFSS from the farmers was diverted to a particular group. On several occasions, this group failed to make payment to the society. Consequently, the farmers also did not receive any payment for the produce diverted to the society. Due to these unfair practices indulged in by the society, the members gradually lost faith in the society and stopped selling their produce.
3.	The help rendered by the society to its members in terms of purchase of drip irrigation sets, timely provision of fertilizer to them, payment to the farmers on time, etc. ultimately led to increase the yield as well as production of the crop. This in turn had increased the supply of the crop in the market.	Excessively high rate of interest on loan advances was the other reason for poor recovery performance. While KGFSS received loans from the DCCB at 20 percent annual rate of interest between 1996-97 and 2001-02, it extended loans to its members at 22 per cent annual rate of interest. Both these rates of interests were high as compared to the market rate prevailing during that period. Because of substantially high rate of interest involved on loan advances, the farmer members as well as the society itself became defaulters on several occasions. This obviously had affected the financial health of the society.
4.	Timely payment to the farmers can be considered as the most crucial factor responsible for increasing supply of the crop in the market as due to timely provision of payment the farmers were quickly diverting their crop to the society.	The farmer members received loans not only from the KGFSS but also from the PACS. The KGFSS, on the other hand, borrowed from the DCCB. The amount of loan released by the DCCB to the KGFSS always stood lower than the sanctioned amount due mainly to the fact that the DCCB first deducted the loan amount that was due from its farmer members, who also received loans from the PACS operating in the village. As a result, the amount of loan received by the KGFSS from the DCCB reduced to the extent that their members received loans from PACS. The DCCB leaved it to the KGFSS to recover that amount of loan from the payment due to their members. However, when the members of the KGFSS became hostile and stopped diverting their produce, it became difficult for the society to recover this loan.
5.		A reason as to why the farmers were diverting their banana crop to the private groups operating in the village despite the presence of KGFSS is that these groups extended much higher amount of loans to farmers as compared to loan advanced by the society.
6.		From the society's point of view, the members were equally responsible for the poor health of the society as they sold poor quality produce to society and diverted good quality one to the private traders.

The poor financial health of the KGFSS could be related to repayment of loan extended by the society to its members. Some of the members received loans from the society with the promise that the banana produce will be marketed through the society. In fact, the society recovers loans from the payment due to the farmer members. The society started facing problem in recovery of loan when these farmers suddenly became hostile and diverted their produce to private groups operating in the village who were also involved in the marketing of banana produce. This obviously had resulted in heavy losses to the society not only on account of loan advances to its members but also in terms of lower quantum of banana procurement. Interestingly, as many as four board members of the KGFSS were noticed to be defaulters. These members had borrowed significant amount of loan from the society, which stood unpaid even at the time of survey conducted during 2003-04. Undoubtedly, the society having such defaulting board members cannot function efficiently.

Thus, the major problems faced by the society were relating to its recovery of loans extended to its members and shortfall in its procurement figures owing to diversion of produce to private traders. These problems had a catalytic negative effect on the functioning of the society and were responsible for its failure. Any society beset with these kinds of problems/deficiencies will have similar results as noticed in this case study. Due to multiple problems cited above it is difficult for the KGFSS to recover from its present situation of deteriorating financial health.

Leadership Characteristics

With a view to compare the performance of the societies, various parameters relating to their functioning are assigned qualitative scores ranging from high to low, and these scores for each qualitative parameter are shown in Table 5, particularly with respect to leadership characteristics and direct supply factors.

The existence of internal interest-cum-entrepreneurial groups in extending dedicated and efficient leadership was quite high in the case of NCFSS. The members of this society had full faith in the decision making process of the society as the leaders were not only knowledgeable in terms of their grasp over application of modern technology but also quite aware of market forces. In order to strengthen the loyalty of its members, the leaders or the management controlling the NCFSS extended several incentives to its members like extending fertilizer, pesticides, seeds, plants, boxes for packing, etc. on subsidized rates. Besides, it also helped the members in terms of providing guidance to them about appropriate time of harvesting of produce, application of various inputs, judicious and rational use of inputs, etc. The Chairman of the NCFSS was found to put enough efforts to groom future leadership in young/new generation. On the other hand, in the case of KGFSS, the existence of internal interest-cum-entrepreneurial group in providing dedicated and efficient leadership was very low as the members of the board were self-centered with lack of motivation in terms of growth of the society. Because of unfair and manipulative trade practices followed by the society, the members had gradually lost faith in this society. Majority of the member farmers of this society were reluctant to sell their crop because of losses incurred by the society, which in turn was due to inefficient management of the society. Although the leaders of the society were moderately educated and had knowledge about modern trade practices, they

did not impart this knowledge to their members. Further, because of lack of funds and losses incurred by the society coupled with selfish nature of the leaders, the member farmers were seen to divert their produce to other private traders. This has some adverse implications insofar as the functioning of the society in future is concerned.

Table 5: Leadership Characteristics and Direct Supply Factors Influencing Success and Failure of Co-operative Business in Jalgaon District of Maharashtra of India

Particulars	Name of the Society	
	NCFSS (Success)	KGFSS (Failure)
Leadership Characteristics		
D ₁ Existence of internal interest-cum-entrepreneurial group	H	L
D ₂ Leader's access to members	H	L
D ₃ Leadership's capability for envisaging co-operative activities compatible to member's resources and endowments	H	L
D ₄ Leadership's back-up knowledge and grasp over application of modern technology	H	M
D ₅ Leadership's vision and capacity to conceptualize paternalistic/welfare activities for strengthening member loyalty and rope in potential members	H	L
D ₆ Leadership's ability and willingness to groom future leadership	H	L
Direct Supply Factors		
Evolution and institutionalization of a governance structure to determine the relation of the society vis-à-vis the players in the system so as to:		
a) Minimize opportunistic behavior on the part of each of the following internal stakeholders		
i) Various categories of members (incl. Normal members)	H	L
ii) Non-members	H	L
iii) Employees (incl. Professionals)	H	L
iv) Board	H	L
v) Higher-tier bodies	H	M/L
vi) Outside supplies of inputs/services	H	L
b) Tap the following economies		
i) Economies of scale/bargaining power	H	M/L
ii) Economies of scope	H	M/L
iii) Economies of value addition	H	M/L
c) Achieve autonomy/independence in functioning of the co-operative vis-à-vis the outside environment	H	L
d) Be able to generate allies for lobbying in the interest of safeguarding and promoting its interest	H	L

H = high; M = moderate; L = Low; H/M = high to moderate; M/L = moderate to low; Based on a 'Model' of study by Datta and Kapoor (1996)

In respect of supply side action plans, the NCFSS had shown very high scores in all respects. The roles of various members, non-members, employees, board, higher-tier bodies and outside suppliers and their influence in this respect were quite high in this case. In dismal contrast, in the case of KGFSS, this role, particularly in respect of members and non-members, employees, board members and higher tier bodies was either low or medium to low. The major reason being loss of faith in the society and society's inability to cop-up with the situation, and also influence or dominance of private traders.

Conclusions

Due to strong financial position, the NCFSS showed autonomy/independence in its functioning. This society had shown perfect knowledge about the market forces and its business activities in accordance to the new domestic as well as global market environment. The KGFSS

showed poor grasp either in terms of studying the market forces or shown inefficiency because of its own internal drawbacks in terms of managing the society or its own personal interests involved in the functioning of the society. The KGFSS is unable to generate allies for lobbying to safeguard as well as promoting its own interests and the interests of its members, whereas NCFSS is quite successful in such lobbying and promotional interest related activities.

Evidently, since a significant number of fruit marketing societies operating in Maharashtra have shown a falling trend in their amount of extension of loan and its recovery, and also in respect of higher amount of losses in proportion to profit, efforts should be made to rectify these deficiencies in the functioning of these societies dealing with the marketing of high value crops. Some remedial measures and strategies framed or initiated by these marketing societies, particularly in respect of recovery of their loan advances, will certainly improve the efficiency and functioning of these societies in the future. Government support in this respect will have a catalytic effect in improving the overall efficacy and efficiency, as well as functioning, of various Primary Cooperative Marketing Societies (PCMS) operating in Maharashtra.

References

- Attwood, D.M. and B.S. Baviskar (1987), 'Why Do Some Co-operatives Work But Not Others ? A comparative Analysis of Sugar Co-operatives in India', *Economic and Political Weekly*, Vol. 22, No. 26, June 27
- Baviskar, B.S. and D.W. Attwood (1990), 'Fertile Grounds: Why Do Cooperatives Flourish in Western India?', *IASSI Quarterly*, Vol. 9. No. 4.
- Deshpande, R.S. and V. Ratna Reddy (1990), 'Social Dynamics and Farmers' Society: A Case Study of 'Pani Panchayat', *Indian Journal of Agricultural Economics*, Vol. 45, No. 3, July – September.
- Datta, S.K. and S. Kapoor (1996), 'Collective Action, Leadership and Success in Agricultural Co-operatives', *Oxford and IBH Publishing Co. Pvt. Ltd.*, New Delhi
- Government of India, Ministry of Agriculture, *National Agricultural Policy*, July, 2000.
- Government of India, Ministry of Agriculture, Report of Expert Committee on Strengthening and Developing of Agricultural Marketing, June, 2001.
- Gupta, V. K. (1989), 'Monitoring and Evaluation of Small Farmers' Co-operatives in Asia', Food and Agriculture Organization (FAO), Rome.
- Shah, Tushaar, et al. (1992), 'Seeking Salience: Governance and Management in Indian Village Co-operatives', *Institute of Rural Management*, Anand.
- Shah, Deepak (1997), 'Agricultural Exports of India with Special Reference to Non-Traditional Commodities: Future Prospects and Policy Issues', *Mimeograph No. 48*, A Publication of the Gokhale Institute of Politics and Economics, Pune.
- Seetharaman, S.P. and N. Mohanan (1986), 'Framework for Studying Co-operative Organizations – The Case of NAFED', Centre for Management in Agriculture (CMA), *Monograph No. 133*.
- Singh D.V. (1990), 'Production and Marketing of Off-season Vegetables', *Mittal Publications*, New Delhi, p. 3.

