

**CO-OPERATIVE MARKETING SOCIETIES IN MAHARASHTRA:  
REASONS FOR SUCCESS AND FAILURE**

**(Executive Summary)**

**Deepak Shah**

**AGRO-ECONOMIC RESEARCH CENTRE  
GOKHALE INSTITUTE OF POLITICS AND ECONOMICS  
(DEEMED TO BE A UNIVERSITY)**

**PUNE 411 004**

**NOVEMBER 2004**

## **ECECUTIVE SUMMARY**

### **Background:**

For the development of agricultural sector in India, improvement in the marketing mechanism of various agricultural commodities in general and fruits and vegetables in particular is a must. Although the National Agricultural Policy (NAP) document released in July 2000 envisages agricultural growth rate in excess of 4 per cent per year over the next two decades, the achievement of this growth to a greater extent depends on infrastructure development for horticulture sector with a view to raise not only the horticultural production base but also the marketed surplus of these high value crops in the country. It is to be noted that the NAP recognizes the crucial role of agricultural marketing when it proclaims to promote "growth that is demand driven and caters to domestic markets and maximizes gains from exports of agricultural products in the face of the challenges arising from economic liberalization and globalization". Nonetheless, though the era of liberalization ushered in since 1991 and various trade policy measures adopted by the Government in more recent times have opened up new vistas and opportunities for agricultural exports from India, the advent of globalization, liberalization and privatization have also given rise to newer kinds of challenges before the country that requires some bold initiatives on the part of policy makers.

In the current context of globalization, liberalization and privatization scenario, the present marketing system, which was essentially evolved earlier to cater to the requirement of growing population and planned development of the country, needs to be reviewed. 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 emphasised 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. It is also further expected that the post-WTO world order will further put increasing pressure on the agricultural marketing system and trade practices of various agricultural commodities. However, the improvement in marketing mechanism of various agricultural commodities in view of competitive conditions prevailing in the present milieu chiefly depends on the success of cooperative marketing in India as it forms the core of the entire marketing system of agricultural commodities in the country.

As for the agricultural cooperative marketing system in India, it is noticed to be beset with several positive features as well as deficiencies in its functioning. The factors responsible for the success of cooperative marketing in India could be traced in emergence of local service oriented leadership, unique crop characteristics, favorable socio-cultural milieu, evolution of need based strategy, enterprise oriented organizational framework, support of government and emergence of dedicated and vibrant professional management. Despite the existence of these factors responsible for the success, cooperative marketing network in India is still considered to be weak mainly because of several deficiencies encountered by it. In fact, there are more failure than success stories insofar as cooperative marketing is concerned. The success achieved so far can be considered as modest if compared with the need and potential available for co-operative marketing. In the present day scenario, there are several challenges posed before cooperative marketing sector in India, mainly due to the emergence of certain negative factors like erosion of values, decline in service oriented leadership, absence of professional management, tendency to depend too much on government help, adverse impact of rigid bureaucratic response, outdated legal framework, absence of knowledge based market orientation, etc. In the era of liberalization and globalization, the challenges posed before the co-operative marketing societies will further aggravate.

In view of deficiencies in co-operative marketing network and recognizing the significance of various emerging problems and issues facing the co-operative marketing system, the study on "Co-operative Marketing Societies: Reasons for Success and Failure", carried out in the state of Maharashtra, has focused on evaluating the strengths and weaknesses of various marketing cooperatives with a view to formulate policies relating to rejuvenation of these cooperatives. The suggestions extended in this study should provide a framework for developing and strengthening cooperative marketing system in India.

#### **Objectives of the Study:**

The study has been conducted with following three major objectives:

1. To review the progress of co-operative marketing of important crops in the state of Maharashtra.
2. To undertake four case studies to identify factors responsible for success/failure of co-operative marketing societies.
3. To suggest measures for improving the performance of co-operative marketing.

**Methodology:**

The present investigation is chiefly based on four in-depth case studies conducted on co-operative marketing societies operating in the state of Maharashtra. The case studies were conducted in Jalgaon and Sindhudurg districts of Maharashtra. Jalgaon district was specifically selected for the study of multipurpose societies dealing mainly with the marketing of 'banana'. Similarly, Sindhudurg district was purposely selected for the study of multipurpose societies chiefly engaged in the marketing of 'mango'. 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 multipurpose societies and that having a history of at least 10 years of business. Similarly, two talukas namely Deogad and Vengurla were selected from Sindhudurg district for evaluating the success and failure cases. Four different types of schedules were constructed for the collection of necessary data. These were 'Household Schedule', 'Leadership Schedule', 'Primary Marketing Society schedule', and 'Performance Appraisal Schedule'. Further, it was decided to select 10 households from each of the four villages where the case studies were conducted. In all, 40 households were covered from two selected districts for the present investigation. The study was conducted during 2003-04.

**Co-operative Marketing Structure in Maharashtra:**

The co-operative marketing has four tiers of organizational structure in the state of Maharashtra with producer members constituting the smallest unit of the entire enterprise. The four tiers of the cooperative marketing structure discernible are: the National Agricultural Marketing Federation of India Ltd. (NAFED) functioning at apex level, the Maharashtra State Co-operative Marketing Federation Ltd., Mumbai, operating at state level, Central Marketing Societies operating at district or central level under State Marketing Federation, and Primary Co-operative Marketing Societies (PCMS) functioning at village level under the regulation of central marketing societies.

**Major Findings:****1. Functioning of PCMS in Maharashtra**

The PCMS operating in the state of Maharashtra have done their business reasonably well as not only their paid-up and working capital but their sales of various agricultural produce and requisites have also grown substantially during the period between 1984-85 and 1997-98, aside from showing impressive recovery of loans

extended by them during this period (Table 1). The amount of profit made by these PCMS operating in Maharashtra have grown at faster rate as compared to amount of loss incurred by the societies, so much so that the amount of profit made by them exceeded amount of losses incurred by them during 1997-98. The major reasons for this remarkable progress of PCMS operating in Maharashtra may be assigned to higher literacy level and enterprising nature of farmers, government support, flow of dedicated leadership amongst them, and the facilities extended to them by various financial institutions, including NABARD.

## **2. Progress of Fruits and Vegetables Marketing Societies in Maharashtra**

The F & Vs marketing societies operating in Maharashtra have shown tremendous growth in their various performance indicators during the period between 1984-85 and 1997-98, particularly in respect of their working capital, paid-up capital, and value of sales of agricultural produce, requisites and consumer goods (Table 2). Nonetheless, the disquieting trends of the F & Vs societies are in terms of loans extended by them and their recovery, which have declined sharply in 1997-98 over that of 1984-85. There are certainly some of the deficiencies that the F & Vs marketing societies operating in Maharashtra are beset with. Efforts, therefore, should be made to rectify these deficiencies in the functioning of these societies dealing with the marketing of high value crops. However, the fact can not be ignored that the amount of profit made by these F & Vs marketing societies operating in the state of Maharashtra have grown over 700 per cent in 1997-98 as compared to the reference year 1985-4-85.

## **3. Profile of Selected Districts**

The selected sampled districts of Jalgaon and Sindhudurg of Maharashtra presented us with differing scenarios insofar as their topography and agro-climatic conditions are concerned, aside from differences in their working population, land utilization and cropping pattern and dependence of these districts on irrigation facilities. While the dry district of Jalgaon of Maharashtra showed lower proportion of total population as workers as compared to the district of Sindhudurg, the wet district of Sindhudurg was seen to be marked with very low proportion of total geographical area under cultivation. Further, while Sindhudurg district was entirely dependent on surface irrigation, well was the major source of irrigation in the dry district of Jalgaon. Because of agro-climatic differences, both Jalgaon and Sindhudurg districts showed considerable difference in their cropping pattern. While cereals and horticultural crops dominated the

cropping pattern of Sindhudurg district, the crops like cotton, *jowar* and pulses crops, in particular, had much higher share in total GCA of Jalgaon district. Between the two districts selected for the present investigation, the female population in Sindhudurg district was much higher than male population, revealing sex ratio in favour of females. Thus, both the sampled districts differed significantly insofar as their socio-economic and other characteristics are concerned.

#### 4. Case Studies Pertaining to Co-operative Marketing Societies in Maharashtra

An in-depth study has been performed for the following four co-operative marketing societies operating in the state of Maharashtra:

Sr. No.	Name of the Society	Village	Taluka	District	Type of Case
1	Nahvi Co-operative Fruit Sale Society	Nahvi	Yaval	Jalgaon	Success
2	Khanapur Group Fruit Sale Co-operative Society	Khanapur	Raver	Jalgaon	Failure
3	Deogad Taluka Mango Growers' Co-operative Sale Purchase Society	Vijaydurg	Deogad	Sindhudurg	Success
4	Rameswar Fruit Sale Society	-	Vengurla (located in the Taluka head quarters)	Sindhudurg	Failure

Among these four societies, the first two deal with the marketing of banana and the remaining two are engaged in the marketing of mango. The first society dealing with the marketing of banana represents success case, whereas the second one is treated as failure case. Similarly, in the case of society engaged in the marketing of mango, the first one is considered as success case and the other one as failure case.

##### 4.1 Nahvi Co-operative Fruit Sale Society (NCFSS)

The NCFSS, located in the village of Nahvi, is around 20 kms. from Yaval taluka of Jalgaon district. The society came into being on 2<sup>nd</sup> Sept., 1962. 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, besides reporting improper weight of the produce to them. 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. Ever since its establishment, the NCFSS has been catering to the requirements of farmers belonging to four villages located around it, including the village of Nahvi. Shri

Dadasaheb Jivaram Tukaram Mahajan, formerly holding the post of state Home Minister, is the founder Chairman and Director of the society.

About 94 per cent of the total 196 members of the NCFSS belong to the other backward class (OBC: Leva Patedar) and that the representation of higher caste in its membership is hardly 5 per cent. Further, out of total membership of 196, 11 members are seen to have their representation in the board of management of NCFSS. All these members are medium and large categories of cultivators belonging to OBC.

#### **4.1.1 Business Activities and Progress of NCFSS**

The NCFSS has been regularly marketing fertilizer input ever since its inception. In due course of time the society has shown considerable growth in its fertilizer sale. The value of fertilizer sale of the NCFSS is seen to have increased from Rs.73,659 during 1961-62 to Rs.32,28,628 by 2001-02, showing thereby about 44 times rise in its fertilizer sale over the past four decades (Table 3). Like fertilizer, there has been several folds rise in the sale of banana. The value of sale of banana of NCFSS has grown from Rs.4,65,781 during 1961-62 to as high as Rs.2,62,28,950 by 2001-02, showing thereby 56 times rise in its banana sale over the past four decades. Similarly, the amount of credit extended by the NCFSS has grown from Rs.41,516 during 1961-62 to as high as Rs.9,97,881 by the year 2001-02, indicating 24 times rise in loan advances of NCFSS to its members over the past four decades.

Although during the past two decades the NCFSS showed a declining trend in its membership and share capital, 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 and a marked increase in its dividend declared to its members (Table 4). On the other hand, the profit profile of the NCFSS and the amount of credit extended by it to its members was found to have fluctuated considerably during this period. The net profit earned by the NCFSS was seen to decline from Rs.1,31,386 in 1985-86 to Rs.59,922 in 1991-92 with an increase in the same to Rs.1,62,630 in 1995-96, and further to Rs.2,94,213 in 2001.02.

As for the marketing, the society not only provided remunerative procurement rates to its members but also indulged in fair weighing practices. The procurement rates were fixed by the society on the basis of weight of the produce. The society provided Rs.6/ quintal additional procurement rate to the farmers for every additional one kg

weight of banana bunch above 10 kgs. weight. This was quite healthy practice as it helped the society to procure better quality produce from the farmers.

It could be further noted that in the case of banana procured by the society, the procurement prices were fixed based on the first auction of the produce taking place in Brahanpur marketing center located in Madhya Pradesh. Generally, banana procurement rates were decided in this initial auction and these rates were applied throughout Jalgaon district. However, the society was getting marginally higher rates from the private traders than the rates decided in Brahanpur marketing center, chiefly because of its superior quality of produce. The farmers selling produce to the society received average rates after one month based on 30 days sale proceeds of the produce by the society to the traders. The society charged 3 per cent commission from the payment due to the farmers. Although the society was making payment to the farmers after one month, the society, on the other hand, received payment after one week from the private traders.

#### **4.1.2 Major Problems Faced by the NCFSS**

The entire banana crop procured by the society was traded in the domestic market through private trader. This was 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 of 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 marketing of banana, especially in terms of MIS and also in respect of providing information relating prices prevailing in various export markets.

#### **4.1.3 Socio-Economic Profile and Other Features of Sampled Households**

Among various sampled households drawn from the village of Nahvi, 4 belonged to small category, 3 were in medium category, and the remaining 3 in large category. The average size of land holding stood at 3.06 hectares for the average category of household. Further, all the sampled households belonged to the caste of Leva Patedar which fell under OBC. In general, the educational status of small and medium categories of households was higher as compared to large category.

The crops that dominated the cropping pattern of sampled households were banana, hybrid *jowar*, cotton and groundnut. Some of the pulses crops like *udid*, *tur*,



*moong* and gram were also seen to be cultivated by these sampled households. The per hectare gross returns on the farms of an average category of sampled households were estimated at Rs.16,153 for cotton crop, Rs.1,41,809 for banana, Rs.12,429 for hybrid *jowar*, Rs.28,612 for groundnut, Rs.11,604 for *udid*, Rs.13,190 for tur, Rs.7,500 for *moong*, Rs.60,000 for ginger, Rs.56,250 for brinjal and Rs.10,667 for gram. These estimates could be considered as symptomatic of the fact that banana, *brinjal* and ginger were the only crops that yielded higher gross returns to the sampled farmers. And, among these crops, banana was the only crop that yielded substantially high returns to the farmers. In general, the average category of sampled household earned a net annual income to the tune of Rs.2,01,868.

#### **4.1.4 Reasons For the Success of NCFSS**

The major reasons that weighed in favour of the functioning of the society 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.

Apart from these reasons, the major factor that weighed in favour of the success of the society was its positive role in increasing supply and demand of the crop. Since the society was quite quality conscious, it always gave foremost priority to procure good quality produce. 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 to the produce marketed by this society. This in turn ensured rise in demand for the crop marketed by this society. Further, 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.

#### **4.1.5 Suggestions For NCFSS**

It is to be noted that majority of the total sampled households were not satisfied with the 3 per cent commission charged by the society from their payment. Similarly, a significant section of the sampled respondents were quite unhappy with the nearly 10 per cent annual rate of interest charged by the society on loan advances to them, which they

felt was quite high than the market rate. The lack of availability of storage and related facilities was another reason for their dissatisfaction. A few sampled respondents also showed their dissatisfaction with the society mainly because of the fact that it could not trade their banana produce in the export market. Certainly, the dissatisfaction showed by the sampled respondents weighed less than the satisfaction showed by them. However, some of the dissatisfactions could be considered as suggestions to the society to improve its functioning in the light of protecting the interest of its farmer members.

#### **4.2 Khanapur Group Fruit Sale Cooperative Society (KGFSS)**

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. 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 and their other needs relating to inputs. Ever since its establishment the KGFSS has been catering to the requirements of the farmers belonging to ten villages located around 15 kms. from the society.

##### **4.2.1 Business Activities and Progress of KGFSS**

The KGFSS has shown unsatisfactory performance not only in respect of marketing of input but also marketing of output. The fertilizer input sold by the KGFSS has declined by 50 per cent in value terms in 2001-02 over that of 1983-84 (Table 3). Although the value of sale of banana output of the KGFSS has grown over time, this increase may not be considered impressive as there is hardly 300 per cent rise in the sale of banana output of this society over the past two decades. Similarly, credit extended by this society has grown only by 450 per cent in 2001-02 over that of 1982-83. Unlike the NCFSS, which showed 40-50 times rise in its marketing and other activities over the past 3-4 decades, this society has shown very poor performance not only on the marketing front but also in terms of extension of credit to its members over the past two decades.

Out of 896 total members of the KGFSS, about 39 per cent belong to higher caste and 58 per cent fall under OBC. The decision making process of this society is mainly

dominated by the medium category of cultivators belonging to OBC as they have more than 70 per cent representation in the board of management of the society.

Although membership, share capital and reserve and other funds of the KGFSS have grown by several folds over the past two decades, the overall financial health of the society is seen to be quite depressing due mainly to the fact that despite encouraging trends shown with respect to the above parameters this society has been showing losses for the past several years (Table 4). Due to losses incurred by the society in recent times and also 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.

During the entire period between 1996-97 and 2001-02, an amount to the tune of Rs.235.25 lakhs was extended by the KGFSS to its members as loan. This loan was not seen to be entirely repaid during the given period as the total amount repaid by the members to the KGFSS stood at Rs.215.36 lakhs. Similarly, out of the total amount of Rs.270.55 lakhs borrowed by the KGFSS during the given period, Rs.246.59 lakhs was repaid by the society to the DCCB. Thus, a deficit to the tune of Rs.20-25 lakhs is noticed between borrowings and repayment of the KGFSS and its members. This is an indication of the fact that both the society and its members defaulted during the given period insofar as repayment of loan is concerned.

Apart from poor performance shown on credit front, the marketing of fertilizer of the KGFSS in value terms grew from Rs.8,50,035 in 1983-84 to Rs.19,04,187 in 1992-93 with a decline in the same to as low as Rs.4,33,199 in 2001-02. The value of sale of banana of the KGFSS also declined from Rs.22,93,627 in 1982-83 to Rs.11,61,700 in 1984-85 with a sharp increase in the same to Rs.21,69,612 in 1987-88. A falling and rising trend in marketing of banana of the KGFSS continued after 1990-91 and in 2000-01 the value of sale of banana of this society reached all times high of Rs.1,61,23,517 with a rather sharp decline in the same to Rs.88,67,844 in the subsequent year. These trends clearly underscore the fact that the marketing of input and output of the KGFSS remained unstable over the past two decades. Further, with 1983-84 as the base, the gross profit of the KGFSS declined by 59 per cent in 2001-02.

As regards the marketing activities undertaken by KGFSS, the prices of banana procured from the farmers are fixed in accordance with the day to day prevailing rates in the wholesale market. The society pays Rs.20-22 per quintal additional procurement rate to the farmers for every additional one kg. weight of banana bunch above 10 kgs. weight.

The society charges Rs.4/- per quintal as commission from the payment due to the farmer, and also Rs.8/- per quintal as commission from the trader involved in the marketing of produce. Thus, the total commission charged by the society from farmers and traders put together stands at Rs.12/- per quintal.

#### **4.2.2 Socio-Economic Profile and Other Features of Sampled Households**

The total strength of sampled households selected from the village of Khanapur was 10. Among them, 4 belonged to small category, 3 were in medium category and another 3 in large category. The average size of land holding turned out to be 3.17 hectares for the average category of household. As for the educational status, ninety percent of the total sampled households were seen to attain education upto secondary level. In general, the educational status of medium and large category of farmers was higher as compared to small category. Further, out of 10 sampled households drawn from the village of Khanapur, nine belonged to OBC and one to the higher caste.

In general, cotton, banana and hybrid *jowar* were the only major crops dominating the cropping pattern of the sampled farmers drawn from the village of Khanapur. These three crops put together accounted for 90 per cent of the total cultivable area of the sampled farmers. The other crops cultivated by the sampled farmers were groundnut, *udid*, *tur*, *moong*, wheat, gram and sugarcane. Among various crops cultivated by the sampled households, banana yielded the highest return per hectare, followed by sugarcane, groundnut, wheat, gram, cotton, hybrid *jowar*, *udid*, *tur*, and *moong*. The per hectare net returns on the farms of an average category of farmer were estimated at Rs.12,954 for cotton crop, Rs.1,23,151 for banana, Rs.12,766 for hybrid *jowar*, Rs.26,945 for groundnut, Rs.12,700 for *udid*, Rs.11,820 for *tur*, Rs.8,938 for *moong*, Rs.15,020 for wheat, Rs.13,897 for gram, and Rs.92,750 for sugarcane. These figures again show lower returns per hectare on the farms of an average category of farmer drawn from the village of Khanapur as compared to the village of Nahvi. The average category of sampled household earned a net annual income of the order of Rs.1,65,400.

#### **4.2.3 Major Reasons for the Failure of KGFSS**

On closer scrutiny, the following reasons were discerned that weighed against the functioning of the KGFSS:

1. One of the reasons for the poor financial health of the KGFSS could be related to repayment of loan extended by the society to its members. 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. 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.

2. Disproportionate allocation of loans to some members is also one of the reasons for the poor financial health of the KGFSS. The members of the board of management of the KGFSS sanctioned excessively high amount of loans to some of the members 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.
3. Another reason could be associated with the interference of private groups which operate 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. As a result, 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 to the society.
4. Excessively high rate of interest on loans (20-22 per cent per annum) could be the other reason for poor recovery performance. Because of substantially high rate of interest involved on loan advances, the farmers members as well as the society itself became defaulters on several occasions. This obviously had affected the financial position of the society.
5. One of the major reasons as to why the farmers are diverting their banana crop to the private groups operating in the village despite the presence of the KGFSS is that these groups extend much higher amount of loans to the farmers as compared to loan advances of the society.
6. Interestingly, as many as four board members of the KGFSS are noticed to be defaulters. These members have borrowed significant amount of loan from the society, which still stands unpaid. Undoubtedly, the society having such defaulting board members can not function efficiently.

7. From the society's point of view, the members are equally responsible for the poor health of the society as they sell poor quality produce to society and divert good quality one to the private traders.
8. Because of deteriorating financial health, the KGFSS is not able approach court of law to recover the loans unpaid by the members as the expenditure incurred in such court cases are unbearable by the society.

The aforementioned problems have a catalytic negative effect on the functioning of the society and are responsible for its failure. Any society beset with these kinds of problems will have similar results as noticed in this case study.

#### **4.2.4 Suggestions for KGFSS**

The major problems faced by the society are relating to its recovery of loans extended to its members and shortfall in its procurement figures owing to diversion of produce to private traders. The need of the hour for the society is, therefore, to first take more stringent and cohesive measures for recovery of loans from chronic and heavy defaulters. Nonetheless, the fact can not be ignored that some of the board members themselves are heavy defaulters. Insofar as procurement related problems are concerned, the society should try to develop faith among its members by not only making prompt payment for the produce diverted to the society but also extending some of the facilities that are extended by the private traders. Further, the society should not rely on the private groups operating in the area insofar as marketing of produce is concerned. Instead, the society should try to find out markets which offer higher price to its produce. The major problem faced by the society is the lack of dedicated and efficient leadership. The phase in which the society is passing through, the Chairman of the society as well as the members of board and other members should come on the common platform and decide as to what should be the future course of action to revitalize or rejuvenate this society.

#### **4.3 Deogad Mango Growers' Cooperative Sale Purchase Society (DMGSS)**

The DMGSS was established in the village of Vijaydurg, located around 20 kms. from Deogad taluka of Sindhudurg district, during 1981-82. It is basically a society dealing with the marketing of mango and it caters to the marketing requirements of farmers belonging to 35 villages spread over in the radius of around 50 kms. from Vijaydurg. Before the inception of the DMGSS, the mango and other fruit crop growers used to sell their produce to the private traders who, taking the advantage of ignorance of the farmers, used to cheat them by quoting much lower prices for the produce as

compared to prevailing rates in the Mumbai Market Yard (MMY). In order to avoid such cheating indulged in by the private traders, a significant number of mango growers came together and formed their own society. At present, this society is performing very well and it is not only meeting the marketing requirements of mango but also various other fruit crops like pineapple, etc., besides meeting the input requirements of the farmers. Ever since its inception, Shri Suresh Shivram Kelkar has been continuing as the Managing Director of the DMGSS. It is only because of his leadership qualities and knowledge that the farmers belonging to the entire 35 villages have faith in the society.

#### **4.3.1 Business Activities and Progress of DMGSS**

With the passage of time the DMGSS has shown tremendous growth in its marketing of mango. The total sale value of mango of the DMGSS has grown from Rs.23,000 in 1981-82 to as high as Rs.30 lakhs in 2001-02. Further, during 2001-02, aside from mango, the DMGSS had also sold other fruits valued at over Rs.29 lakhs. Similarly, during 2001-02, the DMGSS had sold Rs.2.60 lakhs worth of pesticides, Rs.2.45 lakhs worth of fertilizer, Rs.28,000 worth of seeds and Rs.1.60 lakhs worth of packing material, besides extending an amount to the tune of Rs.3.52 lakhs as loans to its members. These estimates clearly underscore the growing business of the DMGSS in more recent times (Table 3).

As against NCFSS and KGFSS, the DMGSS is found to have shown higher representation of general caste in its total membership as about 67 per cent of the total 499 members the society belong to this caste. The representation of OBC in total membership of the DMGSS is noticed to be 23 per cent. Marginal and small categories of farmers belonging to higher or OBC caste groups have shown greater role in the decision making process of the DMGSS as they have higher representation in the board.

As for the progress, the DMGSS is noticed to have shown nearly five folds rise in its membership over the last two decades (Table 4). The reserve and other funds of the society have also grown significantly from Rs.27,139 in 1990-91 to as high as Rs.6,10,603 in 2001-02, showing thereby over 22 folds rise in its reserve and other funds during the past one decade. Similarly, the working capital of the society has also grown from Rs.1,99,937 in 1990-91 to as high as Rs.24,85,041 in 2001-02, indicating 12 times rise in its working capital over the past one decade. Not only this, there has also been steady increase in the investments of the society, which is seen to have grown from mere Rs.14,004 in 1989-90 to nearly Rs.2 lakhs in 2001-02. However, the profit profile of the

DMGSS is noticed to be very weak, particularly during the decade of eighties and during early nineties. In fact, it is only during the last few years that the DMGSS is showing considerable amount of profit. The profit earned by the society has grown from Rs.7,191 in 1990-91 to Rs.1,10,336 in 2000-01 with a decline in the same to Rs.47,232 in 2001-02. On the other hand, the sale proceeds of the DMGSS, which mainly encompass mango and some other fruits, insecticides and pesticides, etc., has increased from Rs.39,795 in 1983-84 to the all time high of Rs.65,69,170 in 2001-02. The estimates clearly indicate very fast expansion of the business of DMGSS with the passage of time.

As regards procurement, the society makes the payment to the farmer on the basis of quality of produce. In the case of mango, grading of produce is done, which in turn is based on size, variety, appearance and quality of produce. Further, the payment is made on dozen basis. Further, if the farmer diverts his produce in the market through the society, the society charges 10 per cent commission from the payment due to the farmer.

#### **4.3.2 Major Problems Faced by the DMGSS**

The DMGSS generally uses wooden boxes, cardboard boxes and tin boxes for the packing of produce. If the farmer intends to market his produce in the Mumbai wholesale market through the society, these boxes are then provided to the farmer members. At times the society faces problems relating to delivery of packing material to the farmers when there is excess production of the crop. In order to tackle this problem, one of the suggestions of the society is to have cold storage facilities in the mango growing/cultivating villages. These facilities will certainly help the mango growers in view of the fact that these farmers will not suffer from spoilage of produce during times of glut in production.

#### **4.3.3 Socio-Economic Profile and Other Features of Sampled Households**

The total strength of sampled households stood at 10 and among them as many as 9 belonged to small category and one to medium category. The average size of land holding stood at 1.32 hectares for the average category of households. About 70 per cent of sampled households belonged to higher caste and 30 per cent to OBC.

Mango and paddy were the only two major crops dominating the cropping pattern of the sampled households. These two crops accounted for about 84 per cent share in total net cultivated area of the sampled households. The other crops cultivated on the remaining 16 per cent of the total cultivated area of sampled households were coconut, finger millet, arecanut and banana. Although the area under mango was substantially high



as compared to banana, both these crops yielded maximum gross returns to the sampled households. While for the average category of farmer the per hectare gross return from mango orchard was estimated at Rs.1,56,746, this return from banana farm stood at Rs.1,55,000. The other crops cultivated by the sampled households showed very low per hectare gross returns, and for the average category of household it was estimated at Rs.28,467 from coconut, Rs.21,649 from paddy, Rs.21,373 from arecanut, and Rs.11,765 from finger millet. In general, the average category of sampled household earned a net annual income to the tune of Rs.1,70,210.

#### **4.3.4 Reasons for the Success of DMGSS**

The positive features weighing in favour of the DMGSS were: (a) remunerative rates and timely availability of payment for the farmers' produce, (b) availability of credit at low rates of interest, (c) fixation of rates as per quality of produce, (d) guidance to the farmers with respect to utilization of inputs and other agricultural practices, and (e) guidance to the farmers in terms of packing, grading and storage of produce. Because of these positive features, the members of the DMGSS have developed adequate faith in their society.

In order to maintain quality of produce, the DMGSS extends a number of suggestions to its members. One of the suggestions of the society extended to its farmer members is in favour of using lower quantity of pesticides and other chemical fertilizers and higher quantity of organic manures on their farms. This instruction to the farmers is specifically given to increase crop production. The society also gives instructions to the farmers to pluck the fruit only when it ripens as artificial methods used for ripening of fruits often reduces the quality of produce. Because of these instructions supplied by the society to its members, the produce quality is much better as compared to the produce marketed by other traders in the Mumbai wholesale market. Further, the society tries to expand production of the crop in the area. The higher quantum of production is achieved when the society extends superior quality of fertilizer, pesticides, seeds and some other inputs to its member farmers. With a view to raise supply and demand of the crop, the DMGSS uses attractive packing and supplies such packing material to its members.

#### **4.3.5 Suggestions for DMGSS**

It is to be noted some of the sampled households were unhappy mainly because of lack of availability of processing facilities with the society. Deduction of 10 per cent commission from the payment due to the farmer, purchase of only good quality produce

and sometimes lack of availability of transportation facilities were some other reasons that weighed against the functioning of the society. The society should, therefore, look into these aspects in view of retaining faith of its member farmers. However, from the society's point of view, early ripening of mango crop during transportation is one of the major problems faced by it. In order to prevent spoilage or early ripening of the produce, one of the suggestions of the society is in favour of having refrigerated containers. The society at present is not having enough funds to buy such containers. In fact, these containers require huge capital investment. The society, therefore, wants the government to come forward and help the societies involved in the marketing of mango, particularly in respect of granting funds for the purchase of refrigerated vans, containers, etc.

#### **4.4 Rameshwar Vividh Fruit Purchase and Sale Co-operative Society (RFPSS)**

The RFPSS is located at the taluka level headquarters of Vengurla and at present covers seven villages. Among these villages, five are located in the radius of 10 kms. and the remaining two in the radius of 16 kms. from the society. The society was established during 1991-92. Before its inception, marketing of mango and various other fruits was entirely in the hands of private traders. These private traders used to exercise their monopoly, particularly when the produce of small and marginal category of farmers was diverted through them. Because of lower quantity of produce of small and marginal farmers, the private traders were often reluctant to lift the crop despite better quality of their produce. This was a ploy of the private traders to offer lower prices to these farmers in spite of good quality produce. In order to come out of the clutches of these dominating monopolistic private traders, 55 mango and other fruit crop cultivating farmers belonging to five villages located around Vengurla came together and formed their own marketing society during 1991-92. At later stage, two more villages were covered by the society.

##### **4.4.1 Business Activities and Progress of RFPSS**

At present, the major business activities of the RFPSS include marketing of input such as fertilizer and crude oil, marketing of output, viz., mango, cashewnut and coconut, distribution of boxes to its members for packing various fruits marketed by the society.

The RFPSS entered in the marketing of inputs only during 1995-96. However, due to heavy losses incurred by the society, its marketing activity relating to inputs started shrinking, so much so that the value of fertilizer sale of RFPSS, which increased significantly from Rs.55,975 in 1995-96 to Rs.1,92,825 in 2000-01, fell dramatically to meagre Rs.600 in 2001-02 (Table 3). Similarly, the sale value of crude oil of RFPSS also

fell sharply from Rs.3,73,881 in 1995-96 to as low as Rs.2,195 in 2000-01. Further, as for the mango, there has been considerable fluctuation in the value of sale of this fruit crop marketed by the society. This is evident from the fact that the total value of sale of mango of the RFPSS fell sharply from Rs.3,31,062 in 1993-94 to as low as Rs.23,046 in 2000-01 with a dramatic increase in the same to Rs.2,10,462 in 2001-02.

It is to be noted that out of 324 members of the RFPSS about 35 per cent belong to higher caste and 64 per cent to other backward class. The decision making process of the society is motivated by cultivators, and, in particular, by the small category of farmers as they have 67 per cent representation in the board of management of the society.

As regards the progress, it could be seen that there was hardly an increase of Rs.15,000 in share capital base of the society, which grew from Rs.4,65,200 in 1993-94 to Rs.4,80,300 in 2001-02 (Table 4). As against stagnant strength of membership of 330-340 and marginal increase in share capital base, the reserve and funds of the society rather declined from Rs.2,00,324 in 1993-94 to Rs.1,60,386 in 2001-02. During the given period between 1992-93 and 2001-02, it was only during 1994-95, 1996-97 and 1997-98 that the RFPSS had made profit, otherwise most of the years of the given period were marked with heavy losses. The value of input sale of the RFPSS fell dramatically from Rs.4,95,714 in 1995-96 to as low as Rs.3,350 in 2001-02. Like marketing of input, the value of marketing of output of the RFPSS also fell sharply from Rs.20,02,307 in 1995-96 to as low as Rs.23,046 in 2000-01, though increased in the subsequent year to Rs.2,10,462 in 2001-02.

It is to be noted that since the RFPSS does not have any transportation facility, the farmers make their own arrangement and transport mango from field to the society. The expenditure incurred in this transportation is entirely borne by the farmers. The society fixes procurement rates based on quality and variety of the produce, which is chiefly determined by the size of the mango. However, before fixing the procurement rates, the society first determines the prices of mango prevailing in Mumbai, Kolhapur and Belgaon markets for various varieties. The society makes the payment to the farmers on daily basis depending upon the rate prevailing on the day of procurement from the farmers. Before marketing, grading of the produce is done by the society and better and poor quality produces are separated. The better quality produce is sold by the society on dozen basis in the Mumbai wholesale market, whereas the poor quality produce finds its place in the local market and it is sold on weight basis.

#### **4.4.2 Major Problems of RFPSS**

One of the major dissatisfaction shown by the society is in terms of transportation of the produce. The dissatisfaction is mainly owing to the fact that due to poor availability of transportation facilities from the society to the Mumbai wholesale market, the produce often damages because of bad road conditions. Not only this, the produce losses weight when there is delay in availability of truck for the transportation of produce. According to the society, the mango produce carries more weight at the time of procurement from the farmers, and the farmers are paid based on these weights. However, after procuring the produce, the society has to divert the produce to the Mumbai wholesale market either through commission agent or through private traders. The main task before the society is now to find a truck to transport the produce. The delay in availability of truck obviously results in loss of weight of the produce, which the society has to bear as this produce now fetches lower price in the market.

#### **4.4.3 Socio-Economic Profile and Other Features of Sampled Households**

Among the 10 selected sampled households, 5 belonged to small, 3 to medium and 2 to large category. The average size of land holding stood at 2.97 hectares for the average category of sampled households. Majority of the sampled households belonged to higher caste. The cropping pattern of sampled households clearly showed the predominance of mango among various crops cultivated by them. The area allocation under mango cultivation was seen to be as high as 55 per cent of the total cultivable area of these sampled households. The other important crops cultivated by these sampled households were cashewnut, coconut and paddy; each of these crops accounting for about 11-13 per cent share in total cultivable area. In general, one hectare mango farm yielded a gross return of the order of Rs.1,53,087 for the average category of households. In the case of cashew nut, coconut, paddy, arecanut and cocum, the per hectare gross returns for the average category of households were estimated at Rs.41,443, Rs.27,425, Rs.23,935, Rs.30,130, and Rs.99,167, respectively. The large category of sampled households were seen to derive 53 per cent higher net annual income as compared to medium category and as much as 144 per cent higher net annual income when compared with small category.

#### **4.4.4 Major Reasons for the Failure of RFPSS**

The reasons for the failure of the society are delineated as follows:

1. The non-existence of truck or any other conveyance for the local transportation from the farmer's field to the society is one of the major reasons for the reluctance

of farmers to sell their produce to the society. Because of non-existence of its own truck, the society has to depend on hiring of trucks for such transportation to Mumbai or other wholesale markets. The delay in availability of trucks from private operators often causes damage to the produce procured by the society, which, in turn, leads to losses to the society.

2. As per the report furnished by the audit group, the society since its inception has untrained staff to deal with the marketing of mango. The staff not only lacks knowledge in terms of demand and supply of produce but also in respect of prices prevailing in various market centers, besides having poor grasp of knowledge about infrastructure related facilities relating to marketing of mango and other fruit crops.
3. It is to be noted that the society purchases mango plants to sell them to its members. However, because of inefficiency on the part of the staff of the society, these plants remain unsold during the year of purchase, and, as a result, the society has to incur expenditure on pesticides, insecticides, water, etc. to keep the plant in the normal growing conditions, particularly in view of the fact that the society intends to sell these plants in the next year to its members/farmers. As a result, obviously, the society has to incur unnecessary expenditure on the upkeep of the plants, which could have been avoided had the society sold the plants in the year of purchasing the plants.
4. From the society's point of view, the strength of members is so low that it is not able to raise enough share capital, which could have helped the society to regain from losses or helped the society to at least have its own transportation facility.
5. The society was seen to be keen in exporting its mango, and it also tried this through 'Mahamango'. However, as the air freights were too high, it had exported it through ship. The transportation through ship was delayed and as a result the crop was damaged, which, in turn, had led to losses to the society. This happened during 1998-99 when the society had incurred a loss of Rs.50,000. This had a chain reaction in terms of losses incurred by the society in the subsequent years.
6. The interference of private traders has also caused heavy damage to the society. The private traders not only provide loan advances to mango cultivators but also make advance payments to them before the harvesting of the crop. As a result, the farmers are bound to sell their crop to these private traders.

7. One of the reasons as to why the society had withdrawn selling inputs to its members could be traced in the fact that the society had extended pesticides and fertilizers to its members on credit basis. However, by and large, all the recipients of these inputs on credit basis failed to repay the loan, particularly during the last 2-3 years. As a result, in 2001-02, the society had withdrawn this facility.

Due to aforementioned reasons, the RFPSS could never function efficiently as they had a chain reaction towards failure of the society.

#### **4.4.5 Suggestions for RFPSS**

During the entire period between 1993-94 and 2001-02, there were only few years when the society had done good business in terms of marketing of input and output. But, the point that merits attention here is that its marketing activities – whether relating to input or output – are now shrinking and, as a result, it is on the verge of collapse. Unless, the RFPSS comes out with solutions to the problems or frames strategies to overcome the losses, it is difficult for the society to survive in the present day unfortunate scenario. Of course, the losses are not too heavy and the society can certainly become a winner if it strictly follows certain norms which are likely to improve the functioning of the society.

#### **5. Analysis of Case Studies**

The entire discussion on the four case studies conducted in Jalgaon and Sindhudurg districts of Maharashtra brought us closer to certain major differing observations insofar as their functioning is concerned. With a view to compare the performance of the societies, various parameters were assigned qualitative scores ranging from high to low, and these scores for each qualitative parameter are shown in Table 5.

The economic sustainability of NCFSS dealing with the marketing of banana is noticed to be very high as it has been making substantial profit ever since its inception. Not only this, it has accumulated substantial share capital base and reserve and other funds. The sustainability of DMGSS dealing with the marketing of mango is high to moderate as the profit profile of this society is not as strong as in the case of NCFSS. On the other hand, the KGFSS (involved in the marketing of banana) and RFPSS (dealing with the marketing of mango) have shown low economic sustainability as both the societies are incurring heavy losses over the past several years. The reserve and other funds and share capital base of these two societies are also too low.

Insofar as members centrality is concerned, the same ranking is assigned to the four societies as in the case of their economic sustainability. The reason being that the

transactions in terms of marketing of input and output and involvement in other activities of the members of the NCFSS is quite high as compared to DMGSS, whereas the association of members with KGFSS and RFPSS is too low as these members are also diverting their produce to other private traders.

Both NCFSS and DMGSS are assigned high ranking in terms of their business performance indulged in the marketing of banana and mango, and also in terms of sale of their inputs to members. Contrary to this, since the business activities of KGFSS and RFPSS are shrinking over time, these two societies are ranked low in this respect.

Because of non-availability of local transportation facilities for output as well as inputs, the NCFSS is ranked low in this respect. Similarly, RFPSS also does not provide any transportation facility to its members. The RFPSS too is, therefore, ranked low in terms of transportation facility. On the other hand, the KGFSS and DMGSS are assigned high to medium scores in terms of local transportation facilities extended by them to their members as they either bear local transportation expenses incurred by the farmers or send their own trucks to lift the crop from the farmer's field.

In none of the case studies, role of state government is noticed as the government is neither acting as facilitator nor in terms of exercising control in the marketing of banana and mango crop. All the four selected societies are doing business as per their own regulations. As a result, all the four selected societies have been ranked low in respect of role of government in interfering the business of these societies.

As for the competition, both KGFSS and RFPSS have to face stiff competition from private traders. A moderate level of competition from private traders is also noticed to be faced by NCFSS and DMGSS. However, because of their fair trade practices and several facilities extended by them to their members, these two societies are noticed to be quite capable of counteracting the trade practices of the private traders.

The socio-economic homogeneity of members is noticed to be moderate in the case of NCFSS as well as KGFSS as majority of them are medium and large land size holders belonging to OBC or higher castes. However, in the case of DMGSS, the socio-economic homogeneity is high to moderate as there are several other lower caste members, though the majority belong to OBC and higher castes. As for the RFPSS, the socio-economic homogeneity of members is again noticed to be moderate as its membership is dominated by OBC and higher caste cultivators.

The physical proximity and compactness in terms of geographical distance of villages covered is noticed to be high in the case of NCFSS, KGFSS and RFPSS as all the villages falling under the umbrella of these societies are within the radius of 15-20 kms. However, in the case of DMGSS, this physical proximity and compactness in the geographical distance of members is moderate as the society covers 35 villages in the radius of 50 kms. from the society.

The existence of interest-cum-entrepreneurial groups in extending dedicated and efficient leadership is quite high in the case of NCFSS and DMGSS. The members of these two societies have full faith in the decision making process of their societies as the leaders are not only knowledgeable in terms of their grasp over application of modern technology but also are quite aware of market forces.

In the case of KGFSS, the existence of internal interest-cum-entrepreneurial group in providing dedicated and efficient leadership is very low as the members of the board are reported to be self centered with lack of motivation in terms of growth of the society. Further, because of lack of funds and losses incurred by the society coupled with selfish nature of the leaders, the member farmers are now diverting their produce to other private traders. This certainly has some adverse implications insofar as the functioning of the society in future is concerned.

As regards the leadership characteristics of RFPSS, there are similar observations as in the case of KGFSS. However, as compared to KGFSS, the RFPSS is relatively better insofar as existence of internal interest-cum-entrepreneurial group in providing guidance is concerned, and also in terms of their excess to members and imparting knowledge to them about modern technology is concerned. The society is certainly trying to come out of the phase it is passing through, particularly in terms of losses incurred by the society in the past few years. But, the efforts may prove futile in view of the fact that the predominance of private traders is increasing ever since the society started showing losses and that they were successful in inducing farmers to sell their produce to them.

In respect of supply side action plans, which have been delineated in more detail within specific case studies, the NCFSS and DMGSS have 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 are quite high in the case of both the above societies. On the other hand, in the case of KGFSS and RFPSS, this role, particularly in respect of members and non-members, employees, board members



and higher tier bodies is 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.

## **6. Conclusions**

The fruits and vegetable (F&Vs) marketing societies in general and PCMS in particular have performed reasonably well in Maharashtra during the past two decades, if certain deficiencies in their operation are set aside. There could be several factors behind the success of these societies. The factors such as higher literacy and enterprising nature of farmers, flow of efficient and dedicated leadership, an environment conducive to production, infrastructure facilities, facilities extended by NABARD and other financial institutions, government support, etc., might have played a crucial role in inducing these societies to perform well in the state of Maharashtra. However, since the F&Vs societies operating in Maharashtra have also 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 minor remedial measures and strategies framed or initiated by these marketing societies, particularly in respect of recovery of their loan advances, will certainly further 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 PCMS operating in Maharashtra

As regards case studies, due to strong financial position of NCFSS and also relatively less but still sound financial health of DMGSS, these societies have shown autonomy /independence in their functioning. These two societies have shown, by and large, perfect knowledge about the market forces and their business activities in accordance to the market situation. On the other hand, the KGFSS and RFPSS have shown poor grasp either in terms of studying the market forces or shown inefficiency because of their own internal drawbacks in terms of managing the societies or their own personal interests involved in the functioning of the society, which in particular holds true in the case of KGFSS. These two societies are unable to generate allies for lobbying to safeguard as well as promoting their own interests and the interests of their members, whereas NCFSS and DMGSS are quite successful in such lobbying and promotional interest related activities.

**Table 1: Structure of Primary Co-operative Marketing Societies in Maharashtra**  
(Amount in '000' Rupees)

Sr. No.	Particulars	1984-85	1993-94	1994-95	1997-98
1	No. of societies % + or -	556 (100.0)	1044	1034 (86.0)	989 (77.9)
2	Membership % + or -	492358 (100.0)	789236	794209 (61.3)	757166 (53.8)
3	Working capital % + or -	836017 (100.0)	1933447	2024367 (142.1)	2107575 (152.1)
4	Paid up capital % + or -	96439 (100.0)	303072	308482 (219.9)	680857 (606.0)
5	Total sales % + or -	3077774 (100.0)	7709393	9013374 (132.4)	4599256 (200.5)
6	No. of marketing societies advancing loans	69 (100.0)	98	95 (37.7)	N.A.
7	Amount of loans advanced	65100 (100.0)	108586	156384 (140.2)	141699 (117.7)
8	Amount of loans recovered % + or -	61485 (100.0)	82474	110983 (80.5)	894819 (1355.3)
9.	No. of societies making profit	302 (100.0)	407	427 (41.4)	482 (59.6)
10.	No. of societies making loss	162 (100.0)	459	419 (158.6)	437 (169.8)
11.	No. of societies without profit or loss	92 (100.0)	178	188 (104.3)	70 (-23.9)
12.	Amount of profit	9180 (100.0)	58296	55260 (502.0)	91011 (891.4)
13.	Amount of loss	11614 (100.0)	82641	96837 (733.8)	73015 (528.7)

Source: Statistical Statements relating to Co-operative Movement in India, Part II, Non-Credit societies, 1984-85, 1993-94, 1994-95, 1997-98, NABARD.

**Table 2: Fruits and Vegetables Primary Marketing Societies in Maharashtra**

(Amount In '000' Rs.)

Sr. No	Particulars	1984-85	1993-94	1994-95	1997-98
1	No. of societies	116	432	418 (260.34)	401 (245.69)
2	Membership	29230	65102	64779 (121.62)	61338 (109.85)
3	Working capital	71078	357551	398969 (461.31)	545802 (667.89)
4	Paid up capital	10916	91986	87594 (702.44)	156027 (1329.34)
5	Total sales (5+6+7)	149957	607577	719701 (379.94)	1012351 (575.09)
6	Loans advanced	56392	81676	113702 (101-63)	17216 (-69.47)
7	Loans recovered	52913	69717	104721 (97.91)	3818 (-92.78)
8	No. of societies making profit	56	111	134 (139.29)	184 (228.57)
9	No. of societies making loss	19	203	158 (731.58)	169 (789.47)
10	No. of societies without profit/loss	41	118	126 (207.31)	48 (17.07)

**Table 3: Different Activities of Co-operative Marketing Societies**

Activity	1. Nahvi Co-op. Fruit Sale Society			2. Khanapur Fruit Sale Co-op. Society		
	Year	Annual Business (Rs.)		Year	Annual Business (Rs.)	
		Initial Year	2001-02		Initial Year	2001-02
<b>A. Marketing of Input</b>						
1. Fertilizer	1961-62	73659	3228628	1983-84	850355	433199
2. Crude Oil	1961-62	84193	-	-	-	-
<b>B. Marketing of Output</b>						
1. Banana	1961-62	465781	26228950	1982-83	2293627	8867844
<b>C. Financial Activity</b>						
1. Credit	1961-62	41516	997881	1982-83	665139	3576685
Activity	3. Deogad Mango Growers' Co-op. Society			4. Rameswar Fruit Sale Society		
	Year	Annual Business (Rs.)		Year	Annual Business (Rs.)	
		Initial Year	2001-02		Initial Year	2001-02
<b>A. Marketing of Input</b>						
1. Pesticides	1981-82	-	260000	-	-	-
2. Fertilizer		-	245000	1995-96	55975	600
3. Seed		-	28000	-	-	-
4. Packing, etc.		-	160000	-	-	-
5. Crude Oil		-	-	1995-96	373881	-
<b>B. Marketing of Output</b>						
1. Mango	1981-82	23000	3000000	1993-94	331062	210462
2. Cashew nut		-	-	1994-95	46400	-
3. Coconut		-	-	1998-99	4755	-
4. Other Fruits		-	2922206	-	-	-
<b>C. Financial Activity</b>						
1. Credit		-	352100	-	-	-

**Table 4: Membership, Share Capital, Reserve Funds, Credit, Deposits of the Societies**

Particulars	NCFSS			KGFSS		
	1961-62	1990-91	2001-02	1982-83	1990-91	2001-02
1. Membership (Nos.)	24	282	196	138	373	896
2. Share Capital (Rs.)	5400	356540	251620	13800	70000	202000
3. Reserve & Other Funds (Rs.)	2800	1723126	3004014	17661	294468	881918
4. Profit	3560	122923	294213	10575	60257	-
5. Loss	-	-	-	-	-	4517
6. Dividend	3	12	15	9	-	-
7. Credit (Rs.)	19462	1130850	997881	665139	1231539	3576685
Particulars	DMGSS			RFPSS		
	1983-84	1990-91	2001-02	1992-93	1997-98	2001-02
1. Membership (Nos.)	132	225	499	258	322	331
2. Share Capital (Rs.)	28500	500000	438900	158700	474800	480300
3. Reserve & Other Funds (Rs.)	136	27139	610603	-	200375	160386
4. Profit	609	7191	47232	-	10444	-
5. Loss	-	-	-	1375	-	49369
6. Dividend	-	-	-	-	-	-
7. Credit (Rs.)	6780	-	461190	-	-	-

**Table 5: Factors Influencing Demand for and Supply of Action Plans and Success of Collective Action in Co-operative Business**

Sr. No.	Particulars	Name of the Society			
		Jalgaon District		Sindhudurg District	
		NCFSS (Success)	KGFSS (Failure)	DMGSS (Success)	RFPSS (Failure)
	<b>Success Indicators</b>				
	1) Economic Sustainability	H	L	H/M	L
	2) Member Centrality	H	L		
	3) Member Participation & Director Demand Factors	H	M/L	H/M	M/L
<b>A</b>	<b>Core and Major Activity Characteristics</b>				
	A <sub>1</sub> Non-standard attributes (including indivisibility) of production/marketing, processes and inputs in which the co-operative has comparative advantages in handling	H	L	H	L
	A <sub>2</sub> Transportability of Inputs and Outputs	L	H/M	H/M	L
<b>B</b>	<b>Context Characteristics</b>				
	B <sub>1</sub> Agrarian structure strengthening the socio-economic and political status of the dominant groups	H	H	H	H
	B <sub>2</sub> Role of the state	L	L	L	L
	B <sub>3</sub> Nature of competition	M	H	M	H
	B <sub>4</sub> Relevance of ideology and cultural Heritage	H	H	H	H
<b>C</b>	<b>Member Characteristics</b>				
	C <sub>1</sub> Socio-economic homogeneity	M	M	H/M	M
	C <sub>2</sub> Physical proximity and compactness	H	H	M	H
	C <sub>3</sub> Potential loss due to collective inaction	H	H	H	H
<b>D</b>	<b>Leadership Characteristics</b>	NCFSS (Success)	KGFSS (Failure)	DMGSS (Success)	RFPSS (Failure)
	D <sub>1</sub> Existence of internal interest-cum-entrepreneurial group	H	L	H	M/L
	D <sub>2</sub> Leader's access to members	H	L	H	M
	D <sub>3</sub> Leadership's capability for envisaging co-operative activities compatible to member's resources and endowments	H	L	H	L
	D <sub>4</sub> Leadership's back-up knowledge and grasp over application of modern technology	H	M	H	M
	D <sub>5</sub> Leadership's vision and capacity to conceptualize paternalistic/welfare activities for strengthening member loyalty and rope in potential members	H	L	H	L
	D <sub>6</sub> Leadership's ability and willingness to groom future leadership	H	L	H	L
	<b>Direct Supply Factors</b>				
	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 behaviour on the part of each of the following internal stakeholders				

i) Various categories of members (incl. Normal members)	H	L	H	L
ii) Non-members	H	L	H	L
iii) Employees (incl. Professionals)	H	L	H	L
iv) Board	H	L	H	M/L
v) Higher-tier bodies	H	M/L	H	L
vi) Outside supplies of inputs/services	H	L	H	L
b) Tap the following economies				
i) Economies of scale/bargaining power	H	M/L	H	M
ii) Economies of scope	H	M/L	H	L
iii) Economies of value addition	H	M/L	H	L
c) Achieve autonomy/independence in functioning of the co-operative vis-à-vis the outside environment	H	L	H	L
d) Be able to generate allies for lobbying in the interest of safeguarding and promoting its interest	H	L	H	L

H = high; M = moderate; L = Low; H/M = high to moderate; M/L = moderate to low;

NA = Not applicable

Based on a 'Model' of study by Datta and Kapoor

**CO-OPERATIVE MARKETING SOCIETIES IN MAHARASHTRA :  
REASONS FOR SUCCESS AND FAILURE**

**Deepak Shah**

**AGRO-ECONOMIC RESEARCH CENTRE  
GOKHALE INSTITUTE OF POLITICS AND ECONOMICS  
(DEEMED TO BE A UNIVERSITY)**

**PUNE 411 004**

**NOVEMBER 2004**

## **FOREWORD**

Although the National Agricultural Policy (NAP) document released in July 2000 envisages agricultural growth rate in excess of 4 per cent per year over the next two decades, the achievement of this growth to a greater extent depends on infrastructure development for horticulture sector, which has become the prima-donna of overall agricultural development in India. Further, in the current context of globalization, liberalization and privatization, the present marketing system, which had essentially evolved to cater to the requirements of growing population and planned development of the country, needs to be reviewed. The Government of India, recognizing the need for the development of an efficient marketing system, recently constituted an Expert Committee on “Strengthening and Developing of Agricultural Marketing”. This expert committee has categorically emphasised 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. It is also expected that the post-WTO world order will further put increasing pressure on the agricultural marketing system and trade practices of various agricultural commodities.

In the present milieu, improvement in marketing mechanism of various agricultural commodities in general and fruits and vegetables in particular is a must. In view of competitive conditions prevailing in the country, improvement in marketing mechanism chiefly depends on the success of cooperative marketing in India. Although cooperative marketing in India is seen to be beset with both positive and negative features, the negative factors have dominated over positive features, mainly due to the emergence of erosion of values, decline in service oriented leadership, absence of professional management, tendency to depend too much on government help and financial support, adverse impact of rigid bureaucratic response, outdated legal framework, absence of knowledge based market orientation, etc. In the era of liberalization and globalization, the challenges posed before the co-operative marketing societies will further aggravate.

In view of the deficiencies in co-operative marketing network and the recognition of the significance of various emerging problems and issues facing the co-operative marketing system, the present investigation carried out in the state of Maharashtra on “Co-operative Marketing Societies in Maharashtra: Reasons for Success and Failure” has focused on evaluating the strengths and weaknesses of various marketing cooperatives.

I hope the findings and remedial measures suggested in the report will be useful not only in formulating policies relating to rejuvenation of cooperative marketing in the state of Maharashtra but also in terms of providing a framework for developing and strengthening cooperative marketing system in India.

Gokhale Institute of Politics and Economics  
(Deemed to be a University)  
Pune 411 004

A.K. Sinha  
Director

## **PREFACE**

The National Agricultural Policy (NAP) document released in July 2000 envisages agricultural growth rate in excess of 4 per cent per year over the next two decades. The achievement of this growth to a greater extent, however, depends on infrastructure development for horticulture sector, which has become the prima-donna of all agricultural development in India. This is also essential in view of increasing not only the horticultural production base but also the marketed surplus of these high value crops in the country. In the current context of globalization, liberalization and privatization scenario, the improvement in marketing mechanism of various agricultural commodities in general and fruits and vegetables in particular is a must in view of the fact that the opening up of national economy to international market has not only opened up new vistas and opportunities for agricultural exports from India but also given rise to newer kinds of challenges before the country that require some bold initiatives on the part of policy makers.

In the present milieu, the current marketing system, which was essentially evolved earlier to cater to the requirement of growing population and planned development of the country, needs to be reviewed. 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 (June 2001). This expert committee has categorically emphasised upon the need to formulate strategies that are required to handle the increased quantities of marketed surplus. It is also further expected that the post-WTO world order will further put increasing pressure on the agricultural marketing system and trade practices of various agricultural commodities. However, the improvement in marketing mechanism of various agricultural commodities in view of competitive conditions prevailing in the present milieu chiefly depends on the success of cooperative marketing in India as it forms the core of the entire marketing system of agricultural commodities in the country. Unfortunately, cooperative marketing network in India is still considered to be weak. There are more failure than success stories insofar as cooperative marketing is concerned. The success achieved so far can be considered as modest if compared with the need and potential available for co-operative marketing.

In view of deficiencies in co-operative marketing network and recognizing the significance of various emerging problems and issues facing the co-operative marketing system, the Directorate of Economics and Statistics of the Ministry of Agriculture,



Government of India had suggested several AERCs operating in India to undertake a common study on “Co-operative Marketing Societies: Reasons for Success and Failure”. The AERC, Pune is one among the centers, which has undertaken this study for the state of Maharashtra.

The study, carried out in the state of Maharashtra, has its foci on evaluating the strengths and weaknesses of various cooperatives engaged in the marketing of horticultural crops, particularly banana and mango, with a view to formulate policies relating to rejuvenation of these cooperatives. The suggestions extended in this study should provide a framework for developing and strengthening cooperative marketing system in India.

At the initial stage of this study, I had fruitful discussions with Mr. Ram Kharche, Director and Mr. M.V. Dighe, Assistant Director, and other senior officers of the Directorate of Marketing, Government of Maharashtra, Central Building, Pune. I am extremely grateful to them for providing me guidance for the final selection of districts for the present investigation. I am equally indebted to the Chairman and the managing authorities of the four selected societies. They had not only supplied the requisite information but also extended all possible help during the conduct of these case studies.

I am greatly indebted to Prof. V.S. Chitre, former Director of the Gokhale Institute of Politics and Economics, and also to Prof. Ajit Sinha, the present Director of the Institute for their constant encouragement and support during the course of this study. I am also grateful to ESA, Department of Agriculture and Cooperation, Ministry of Agriculture, GOI, for his continuous support and giving approval to conduct the present investigation. I wish to place my gratitude to Dr. A Narayanamoorthy, Incharge, AERC, Pune, for his keen interest and providing necessary facilities in carrying out this study.

I hereby extend my hearty thanks to Shri S. S. Dete, Shri V. G. Kasbe and Shri S. B. Kate for their assistance in data collection and tabulation. I also extend my hearty thanks to Mrs. Anagha Punde for her support in analysis of data and word processing.

It gives me pleasure in extending thanks to my esteemed colleagues, both faculty members and office staff, for their cooperation and support in completing the study.

September, 2004

Deepak Shah

# CONTENTS

	Page No.
<b>FOREWORD</b>	i
<b>PREFACE</b>	ii
<b>LIST OF TABLES</b>	viii
<u>Chapter</u>	
<b>I INTRODUCTION</b>	<b>1-9</b>
1.1 Conceptual Framework	2
1.2 Objectives of the Study	7
1.3 Methodology	7
<b>II CO-OPERATIVE MARKETING STRUCTURE IN MAHARASHTRA</b>	<b>10-26</b>
2.1 Co-operative Structure in the State	10
2.2 Numerical Strength and Distribution of Marketing Societies	12
2.3 Progress of PCMS in Maharashtra	13
2.4 Marketing Business of PCMS	16
2.5 Profit and Loss Account of PCMS	17
2.6 District-wise Distribution of PCMS	18
2.7 Area and Output of Banana and Mango in Maharashtra	20
2.8 District-wise Area and Output of Banana and Mango in Maharashtra	22
2.9 Progress of Fruits and Vegetables Marketing Societies in Maharashtra	24
<b>III PROFILE OF SELECTED DISTRICTS</b>	<b>27-40</b>
3.1 Profile of Jalgaon District	27
3.1.1 Human Population of Jalgaon District	28
3.1.2 Workers, Cultivators and Agricultural Labourers in Jalgaon District	29
3.1.3 Land Utilization Pattern in Jalgaon District	30
3.1.4 Cropping Pattern in Jalgaon District	31
3.1.5 Sources of Irrigation in Jalgaon District	33
3.2 Profile of Sindhudurg district	34
3.2.1 Human population of Sindhudurg District	35
3.2.2 Workers, Cultivators and Agricultural Labourers in Sindhudurg District	35
3.2.3 Land Utilization Pattern in Sindhudurg District	35

<u>Chapter</u>	Page No.
3.2.4 Cropping Pattern in Sindhudurg District	37
3.2.5 Sources of Irrigation in Sindhudurg District	39
3.2.6 Yield and Production of Major Crops in Sindhudurg District	40
<b>IV CO-OPERATIVE MARKETING SOCIETIES IN MAHARASHTRA: CASE STUDIES</b>	<b>41-141</b>
4.1 Nahvi Co-operative Fruit Sale Society (NCFSS)	42
4.1.1 Business Activities of NCFSS	43
4.1.2 Membership Pattern of NCFSS	44
4.1.3 Progress of NCFSS	45
4.1.4 Distribution of Net Profit of NCFSS	48
4.1.5. Credit Position of NCFSS	49
4.1.6 Marketing Activity of NCFSS	50
4.1.7 Socio-Economic Profile of Sampled Households of Nahvi Village (NV)	53
4.1.8 Cropping Pattern of Sampled Households of NV	55
4.1.9 Net Income of Sampled Household of NV	57
4.1.10 Deposits, Loans, Purchases and Sales of Sampled Households of NV	59
4.1.11 Opinion of the Sampled Households Regarding Strength of NCFSS	62
4.1.12 Opinion of the Sampled Households Regarding Weaknesses of NCFSS	63
4.2 Khanapur Group Fruit Sale Cooperative Society (KGFSS)	64
4.2.1 Business Activities of KGFSS	66
4.2.2 Membership Pattern of KGFSS	67
4.2.3 Progress of KGFSS	68
4.2.4 Distribution of Net Profit of KGFSS	71
4.2.5. Credit Position of KGFSS	71
4.2.6 Marketing Activity of KGFSS	72
4.2.7 Socio-Economic Profile of Sampled Households of Khanapur Village (KV)	75
4.2.8 Cropping Pattern of Sampled Households of KV	76
4.2.9 Net Income of Sampled Household of KV	79
4.2.10 Deposits, Loans, Purchases and Sales of Sampled Households of KV	80
4.2.11 Opinion of the Sampled Households Regarding Strength of KGFSS	83

<u>Chapter</u>	<u>Page No</u>
4.2.12 Opinion of the Sampled Households Regarding Weaknesses of KGFSS	84
4.2.13 Major Reasons for the Failure of KGFSS	85
4.3 Deogad Taluka Mango Growers' Cooperative Sale Purchase Society (DMGSS)	87
4.3.1 Business Activities of DMGSS	89
4.3.2 Membership Pattern of DMGSS	90
4.3.3 Progress of DMGSS	91
4.3.4 Distribution of Net Profit of DMGSS	93
4.3.5. Credit Position of DMGSS	94
4.3.6 Marketing Activity of DMGSS	95
4.3.7 Socio-Economic Profile of Sampled Households of Vijaydurg Village (VV)	99
4.3.8 Cropping Pattern of Sampled Households of VV	101
4.3.9 Net Income of Sampled Household of VV	102
4.3.10 Deposits, Loans, Purchases and Sales of Sampled Households of VV	103
4.3.11 Opinion of the Sampled Households Regarding Strength of DMGSS	106
4.3.12 Opinion of the Sampled Households Regarding Weaknesses of DMGSS	107
4.4 Rameshwar Vividh Fruit Purchase and Sale Co-operative Society (RFPSS)	109
4.4.1 Business Activities of RFPSS	110
4.4.2 Membership Pattern of RFPSS	112
4.4.3 Progress of RFPSS	113
4.4.4 Distribution of Net Profit of RFPSS	115
4.4.5 Credit Position of RFPSS	116
4.4.6 Marketing Activity of RFPSS	117
4.4.7 Socio-Economic Profile of Sampled Households: Vengurla	121
4.4.8 Cropping Pattern of Sampled Households: Vengurla	123
4.4.9 Net Income of Sampled Household: Vengurla	125
4.4.10 Deposits, Loans, Purchases and Sales of Sampled Households: Vengurla	127
4.4.11 Opinion of the Sampled Households Regarding Strength of RFPSS	130
4.4.12 Opinion of the Sampled Households Regarding Weaknesses of RFPSS	131
4.4.13 Major Reasons for the Failure of RFPSS	132

<u>Chapter</u>	<b>Page No.</b>
4.5 Analysis of the Case Studies	134
<b>V SUMMARY AND CONCLUSIONS</b>	<b>142-169</b>
5.1 Objectives of the Study	144
5.2 Methodology	144
5.3 Co-operative Marketing Structure in Maharashtra	144
5.4 Progress of Fruits and Vegetables (F & Vs) Marketing Societies in Maharashtra	145
5.5 Profile of Selected Districts	145
5.6 Case Studies Pertaining to Co-operative Marketing Societies in Maharashtra	146-162
5.7 Analysis of Case Studies	162
5.8 Conclusions	165
<b>References</b>	<b>170-171</b>

## LIST OF TABLES

Table No	Title	Page No
1.1	Number of Membership of Primary Co-operative Marketing Societies in India	4
1.2	Number of Primary Co-operative Marketing Societies in India as per Undertaking Marketing of Agricultural Produce	5
1.3	Primary Co-operative Marketing Societies in India	6
2.1	Number of Primary Marketing Societies in Maharashtra during different years	12
2.2	Number of Primary Co-operative Marketing Societies in Maharashtra as per Undertaking Marketing of Agricultural Produce	13
2.3	Structure of Primary Co-operative Marketing Societies in Maharashtra	14
2.4	Distribution of Primary Co-operative Marketing Societies as per their Marketing Business in Maharashtra	16
2.5	Number of Primary Marketing Societies Making Profit or Loss and Amount of Profit and Loss in Maharashtra vis-à-vis India	18
2.6	District-wise Number of Co-operative Marketing Societies in Maharashtra	19
2.7	Area and Production of Banana and Mango in Maharashtra	21
2.8	District-wise Area and Production of Banana and Mango in Maharashtra	23
2.9	Fruits and Vegetables Primary Marketing Societies in Maharashtra	25
3.1	Distribution of Population by Sex and Rural Urban Areas in Selected Districts	28
3.2	Distribution of Population as per Workers, Cultivators and Agricultural Labours in Selected Districts	29
3.3	Land Utilisation in Jalgaon District: 1997-98	30
3.4	Area Under Major Crops in Jalgaon District: 2001-02	31
3.4 (a)	Area Under Major Crops in Jalgaon District: 2001-02	32
3.5	Taluka-wise Area Irrigated by Sources in Jalgaon District During 1997-98	33
3.6	Land Utilisation in Sindhudurg District: 1997-98	36
3.7	Area Under Major Crops in Sindhudurg District During 1997-98	38
3.8	Taluka-wise Area Irrigated by Sources in Sindhudurg District During 1997-98	39
3.9	Crop-wise Total Yield and Production of Major Crops in Sindhudurg District	40

<b>Table No</b>	<b>Title</b>	<b>Page</b>
IV.1.1	Distribution of Villages as per their Distance from the NCFSS	42
IV.1.2	Distribution of Villages as per their Year of Affiliation with the NCFSS	42
IV.1.3	Different Activities of Cooperative Marketing Society: NCFSS	43
IV.1.4	Distribution of Members as per Caste, Major Occupation and Land Ownership Status: NCFSS	45
IV.1.5	Membership, Share Capital, Reserve Fund, Credit, etc. of the NCFSS	46
IV.1.6	Growth in Sales, Turnover and Net Profit of the NCFSS (Rs.)	48
IV.1.7	Distribution of Net Profit by the NCFSS (Rs.)	49
IV.1.8	Loan Advances and Repayment of the NCFSS	50
IV.1.9	Marketing Activity of the NCFSS	51
IV.1.10	Marketing of Produce by the NCFSS in 2001-02	52
IV.1.11	Distribution of Sample Households as per Operational Holding: Nahvi	53
IV.1.12	Distribution of Sample Households as per Caste Group: Nahvi	54
IV.1.13	Distribution of Sample Households as per Education Status of the Head of the Household: Nahvi	54
IV.1.14	Distribution of Sample Households as per Membership of Co-operative Society: Nahvi	55
IV.1.15	Crop-wise Area and Production of Sample Households: Nahvi	56
IV.1.16	Net Income of Sample Households from Various Sources: Nahvi	58
IV.1.17	Deposits, Loans, Purchases and Sales of Sample Households: Nahvi	60
IV.1.18	Distribution of Sample Households as per their Opinions Regarding Strength of the NCFSS	62
IV.1.19	Distribution of Sample Households as per their Opinions Regarding Weakness of the NCFSS	63
IV.2.1	Distribution of Villages as per their Distance from the KGFSS	65
IV.2.2	Distribution of Villages as per their Year of Affiliation with the KGFSS	65
IV.2.3	Different Activities of Cooperative Marketing Society: KGFSS	66
IV.2.4	Distribution of Members as per Caste, Major Occupation and Land Ownership Status: KGFSS	67
IV.2.5	Membership, Share Capital, Reserve Fund, Credit, etc. of the KGFSS	69
IV.2.6	Growth in Sales, Turnover and Net Profit of the KGFSS (Rs.)	71
IV.2.7	Distribution of Net Profit by the KGFSS (Rs.)	71
IV.2.8	Loan Advances and Repayment of the KGFSS	72
IV.2.9	Marketing Activity of the KGFSS	73
IV.2.10	Marketing of Produce by the KGFSS in 2001-02	74
IV.2.11	Distribution of Sample Households as per Operational Holding: Khanapur	75

<b>Table No</b>	<b>Title</b>	<b>Page No</b>
IV.2.12	Distribution of Sample Households as per Caste Group: Khanapur	75
IV.2.13	Distribution of Sample Households as per Education Status of the Head of the Household: Khanapur	76
IV.2.14	Distribution of Sample Households as per Membership of Co-operative Society: Khanapur	75
IV.2.15	Crop-wise Area and Production of Sample Households: Khanapur	77
IV.2.16	Net Income of Sample Households from Various Sources: Khanapur	79
IV.2.17	Deposits, Loans, Purchases and Sales of Sample Households: Khanapur	81
IV.2.18	Distribution of Sample Households as per their Opinions Regarding Strength of the KGFSS	83
IV.2.19	Distribution of Sample Households as per their Opinions Regarding Weakness of the KGFSS	84
IV.3.1	Distribution of Villages as per their Distance from the DMGSS	87
IV.3.2	Distribution of Villages as per their Year of Affiliation with the DMGSS	88
IV.3.3	Different Activities of Cooperative Marketing Society: DMGSS	89
IV.3.4	Distribution of Members as per Caste, Major Occupation and Land Ownership Status: DMGSS	90
IV.3.5	Membership, Share Capital, Reserve Fund, Credit, etc. of the DMGSS	91
IV.3.6	Growth in Sales, Turnover and Net Profit of the DMGSS (Rs.)	93
IV.3.7	Distribution of Net Profit by the DMGSS (Rs.)	94
IV.3.8	Loan Advances and Repayment of the DMGSS	94
IV.3.9	Marketing Activity of the DMGSS	97
IV.3.10	Marketing of Produce by the DMGSS in 2001-02	98
IV.3.11	Distribution of Sample Households as per Operational Holding: Vijaydurg	99
IV.3.12	Distribution of Sample Households as per Caste Group: Vijaydurg	99
IV.3.13	Distribution of Sample Households as per Education Status of the Head of the Household: Vijaydurg	100
IV.3.14	Distribution of Sample Households as per Membership of Co-operative Society: Vijaydurg	100
IV.3.15	Crop-wise Area and Production of Sample Households: Vijaydurg	101
IV.3.16	Net Income of Sample Households from Various Sources: Vijaydurg	103
IV.3.17	Deposits, Loans, Purchases and Sales of Sample Households: Vijaydurg	104
IV.3.18	Distribution of Sample Households as per their Opinions Regarding Strength of the DMGSS	106
IV.3.19	Distribution of Sample Households as per their Opinions Regarding Weakness of the DMGSS	107
IV.4.1	Distribution of Villages as per their Distance from the RFPSS	109



<b>Table No</b>	<b>Title</b>	<b>Page No</b>
IV.4.2	Distribution of Villages as per their Year of Affiliation with the RFPSS	110
IV.4.3	Different Activities of Cooperative Marketing Society: RFPSS	111
IV.4.4	Distribution of Members as per Caste, Major Occupation and Land Ownership Status: RFPSS	113
IV.4.5	Membership, Share Capital, Reserve Fund, Credit, etc. of the RFPSS	114
IV.4.6	Growth in Sales, Turnover and Net Profit of the RFPSS (Rs.)	115
IV.4.7	Distribution of Net Profit by the RFPSS (Rs.)	116
IV.4.8	Loan Advances and Repayment of the RFPSS	116
IV.4.9	Marketing Activity of the RFPSS	119
IV.4.10	Marketing of Produce by the RFPSS in 2001-02	120
IV.4.11	Distribution of Sample Households as per Operational Holding: Vengurla	121
IV.4.12	Distribution of Sample Households as per Caste Group: Vengurla	121
IV.4.13	Distribution of Sample Households as per Education Status of the Head of the Household: Vengurla	122
IV.4.14	Distribution of Sample Households as per Membership of Co-operative Society: Vengurla	122
IV.4.15	Crop-wise Area and Production of Sample Households: Vengurla	123
IV.4.16	Net Income of Sample Households from Various Sources: Vengurla	126
IV.4.17	Deposits, Loans, Purchases and Sales of Sample Households: Vengurla	128
IV.4.18	Distribution of Sample Households as per their Opinions Regarding Strength of the RFPSS	130
IV.4.19	Distribution of Sample Households as per their Opinions Regarding Weakness of the RFPSS	131
4.20	Factors Influencing Demand for and Supply of Action Plans and Success of Collective Action in Co-operative Business	138-139
5.1	Structure of Primary Co-operative Marketing Societies in Maharashtra	166
5.2	Fruits and Vegetables Primary Marketing Societies in Maharashtra	167
5.3	Different Activities of Co-operative Marketing Societies	167
5.4	Membership, Share Capital, Reserve Funds, Credit, Deposits of the Societies	168
5.5	Factors Influencing Demand for and Supply of Action Plans and Success of Collective Action in Co-operative Business	168-169

## **CHAPTER – I**

### **INTRODUCTION**

For the development of agricultural sector in India, improvement in the marketing mechanism of various agricultural commodities in general and fruits and vegetables in particular is a must. Although it is widely believed that the marketing of fruits and vegetables is a complex process due to their perishability, fragility and bulkiness, it is expected that measures and programme initiatives such as adoption of improved pre-and post-harvest technologies and water and pest control practice will not only increase the productivity of individual horticultural crops and their quality, but also likely to substantially minimize the post-harvest losses, increase the total crop area cover and generate adequate quality surplus for their conversion into value-added food products. Further, though the National Agricultural Policy (NAP) document released in July 2000 envisages agricultural growth rate in excess of 4 per cent per year over the next two decades, the achievement of this growth to a greater extent depends on infrastructure development for horticultural sector with a view to increase not only the horticultural production base but also the marketed surplus of these high value crops in the country. In fact, more recently, horticultural commodities have gained fresh grounds in international trade. Notably, even in the face of wide fluctuations in the international prices and burgeoning high domestic demand, India's horticultural exports have surged ahead. In the present milieu, the development of horticulture sector has become the prima-donna of all agricultural development in India.

It is to be noted that the NAP recognizes the crucial role of agricultural marketing when it proclaims to promote "growth that is demand driven and caters to domestic markets and maximizes gains from exports of agricultural products in the face of the challenges arising from economic liberalization and globalization". However, mention may be made that the era of liberalization ushered in since 1991 and various trade policy measures adopted by the Government in more recent times have opened up new vistas and opportunities for agricultural exports from India. At the same time, the advent of globalization, liberalization and privatization have also given rise to newer kinds of challenges before the country that require some bold initiatives on the part of policy makers. It is widely believed that with the ushering in of the agricultural policy reforms

in major industrial countries the demand for agricultural exports from developing countries like India will get a real boost. Nevertheless, the possibility of India emerging as a potential exporter of various agricultural goods will largely depend on India's own ability to exploit her potential in the agricultural sector and generate exportable surplus of specific commodities, aside her competitive strength in the world market.

In the current context of globalization, liberalization and privatization scenario, the present marketing system, which was essentially evolved earlier to cater to the requirement of growing population and planned development of the country, needs to be reviewed. 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 emphasised 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.

### **1.1 Conceptual Framework**

There are several studies that have dealt with the issue of viability and performance of co-operatives. While some of the studies have pinned their attention towards a framework to quantify and measure viability, the others have tried to empirically measure viability or related issues like profitability, efficiency, performance, etc. of various categories or types of cooperative societies. 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 Atawood (1992) 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).

There are also several studies conducted in various parts of the country on cooperative marketing of fruits and vegetables. Most of the studies conducted on the functioning of such cooperatives suggest the traders associated with these cooperatives to share high margins quite in excess of the proportion of services rendered by them

(Swarup et al., 1985; Singh, 1990; AERC, 1991; Srivastava, 1994). A few studies conducted in Bihar to elucidate the vegetable marketing pattern revealed that the regulation of agricultural market did not impact or improve the vegetable marketing system in this state any significantly. In fact, the findings indicated that vegetables were not bought and sold in the regulated agricultural markets (Prasad, 1993; Krishna, 1995; Prasad and Krishana, 1995). Another study conducted in Bihar reported that the sales at the village level were effected mainly by the smaller cultivators with the purchaser being the bigger cultivators or commission agents of market trade (Verma, 1997). Most of the small growers even today resort to the same traditional way in disposing off their produce. A recent study revealed that the weak organisational structure and poor asset and financial management of the primary growers' societies, apart from high marketing costs, lower price-spread and low grower's share, were mainly responsible for this unfortunate scenario (Prasad, 1996). Many other studies conducted in different parts of the country also showed that the vegetables marketed through cooperative societies suffered from similar deficiencies (Rajagopal, 1992, 1995; Singh, 1995; Thakur, 1995; Jha, 1995 and Wadkar and Talathi, 1996).

The review of studies conducted in the past on agricultural marketing cooperatives, thus, provides us with an insight into the weaknesses, prospects, opportunities and strength of these cooperatives. Besides, these studies also provide us with a framework for carrying out similar kind of studies with varying spectrum of issues awaiting to be laid bare open to understand the problems uniquely faced by such cooperatives in different agro-climatic regions of the country. Elucidation of such problems will surely help us in understanding and streamlining the system of their functioning under different set of conditions.

It is to be noted that during the last one decade or so there has been phenomenal growth in the numerical strength of Primary Agricultural Co-operative Marketing Societies (PACMSs) in India. Information relating to state-wise numerical strength and membership of PACMSs encompassing the period between 1984-85 and 1997-98 is provided in Table 1.1.

At all-India level, the strength of PACMSs has grown from 5,969 in 1984-85 to 10,807 in 1997-98, showing thereby nearly two folds rise in the same during this period. The growth in membership of these PACMSs has been slower as compared to their numerical strength during the given period. As can be discernible from Table 1.1, the

membership of PACMSs at all-India level has grown from 44,14,905 in 1984-85 to 73,31,154 in 1997-98.

**Table L1: Number and Membership of Primary Co-operative Marketing Societies in India**

Sr. No.	State	Number of societies				Membership			
		1984-85	1993-94	1994-95	1997-98	1984-85	1993-94	1994-95	1997-98
1	Andhra Pradesh	386	98	98	383	344420	32459	32459	356730
2	Assam	-	-	-	51	-	-	-	19506
3	Bihar	492	-	475	526	76421	-	133140	140429
4	Gujarat	1459	2217	2098	2346	302409	354755	379432	355195
5	Haryana	78	82	88	91	96327	135856	135504	95281
6	Himachal Pradesh	58	81	78	138	8762	12557	12596	16730
7	Jammu & Kashmir	46	-	-	85	14574	-	-	20530
8	Karnataka	384	642	634	639	392300	506513	521247	516746
9	Kerala	104	308	365	467	171822	228282	254569	283039
10	Madhya Pradesh	755	2044	-	3849	181048	359490	-	386061
11	Maharashtra	556	1044	1034	989	492358	789236	794209	757166
12	Manipur	-	-	-	19	-	-	-	2185
13	Meghalaya	35	36	23	27	1779	2560	5019	2959
14	Nagaland	-	12	12	32	-	12	12	1280
15	Orissa	100	115	104	117	37573	59939	63225	106919
16	Punjab	109	97	98	121	101579	87234	95643	143697
17	Rajasthan	159	188	196	195	80810	130563	137486	156191
18	Tamil Nadu	523	203	305	132	1054487	715298	882508	833803
19	Tripura	14	16	14	14	2233	2757	2611	2759
20	Uttar Pradesh	314	-	-	199	913047	-	-	3020794
21	W. Bengal	292	-	269	274	112331	-	70918	76365
22	Andaman & Nicobar	32	32	32	32	3524	3111	3111	3111
23	Arunachal Pradesh	3	-	5	5	510	-	603	594
24	Chandigarh	-	-	-	1	-	-	-	917
25	Delhi	57	-	-	14	3198	-	-	1317
26	Goa, Daman & Diu	3	-	-	10	4199	-	-	8634
27	Lakshadweep	10	-	-	10	19194	-	-	20008
28	Pondichery	-	-	-	2	-	-	-	1274
29	Mizoram	-	-	-	10	-	-	-	272
30	Sikkim	-	-	-	26	-	-	-	385
31	Dadra Nagar Haveli	-	-	-	3	-	-	-	277
32	All India	5969	7215	5928	10807	4414905	3420622	3524292	7331154

Source: Statistical Statements relating to Co-operative Movement in India, Part II, Non Credit Societies 1984-85, 1993-94, 1994-95, 1997-98, NABARD.

Among various states of India, the numerical strength of PACMSs during the year 1997-98 is noticed to be highest in Madhya Pradesh, followed by Gujarat and Maharashtra. These three states put together have accounted for 66.45 per cent share in total numerical strength of PACMSs in India during 1997-98. Interestingly, despite showing very low numerical strength of PACMSs, Uttar Pradesh has accounted for as high as 41.20 per cent share in total membership of PACMSs in India during 1997-98.

The other states like Tamil Nadu, Maharashtra, Karnataka, Madhya Pradesh, Andhra Pradesh and Gujarat have shown a share of 11.37 per cent, 10.33 per cent, 7.05 per cent, 5.27 per cent, 4.87 per cent and 4.85 per cent, respectively, in total membership of PACMSs in India during 1997-98. This implies that 85 per cent share in total membership of PACMSs in India is accounted for by states like UP, TN, Maharashtra, Karnataka, MP, AP and Gujarat. These observations show an inverse relationship between numerical strength and membership of PACMSs in India, though no conclusion can be assigned to this phenomenon/trend. It is quite possible that the PACMSs in UP are quite large as well as their membership. However, the point which merits attention is that during 1997-98 the state of Maharashtra ranked third in terms of numerical strength and second insofar as membership of PACMSs in India is concerned.

The PACMSs in India are seen to deal with several activities, which not only encompass activities relating to general purpose and other specialized commodities, but also activities relating to marketing of cotton, fruits and vegetables, arecanut, tobacco, coconut and sugarcane supply (Table 1.2).

**Table 1.2: Number of Primary Co-operative Marketing Societies in India as per Undertaking Marketing of Agricultural Produce**

Sr. No.	Product	1984-85	1993 -94	1994 -95	1997 -98
1	Cotton	128	116	99 (1.7)	131 (1.2)
2	Fruits & Vegetables	1016	860	959 (16.2)	1173 (10.9)
3	Arecanut	13	12	14 (0.2)	16 (0.1)
4	Tobacco	216	236	237 (4.0)	248 (2.3)
5	Coconut	27	29	31 (0.5)	48 (0.4)
6	Sugarcane supply	32	19	27 (0.5)	43 (0.4)
7	Other specialised commodities	1720	4189	2270 (38.3)	4168 (38.6)
8	General purpose	2817	1754	2291 (38.6)	4980 (46.1)
9	All marketing societies	5969	7215	5928 (100.0)	10807 (100.0)

Source: Statistical statements relating to Co-operative Movement in India, Part II, Non Credit Societies 1984-85, 1993-94, 1994-95, 1997-98 NABARD

During 1997-98, out of 10,807 PACMSs operating in India, 46.1 per cent societies were seen to be engaged in the activities relating to general purpose, 38.6 per cent with other specialized commodities, and 10.9 per cent in the marketing of fruits and

vegetables (F & Vs). The societies dealing with other activities like marketing of cotton, arecanut, tobacco, coconut, and sugarcane were seen to account for marginal share in total numerical strength of PACMSs in India during 1997-98. These estimates establish the fact that marketing of F & Vs is the third major activity undertaken by PACMSs in India.

The progress of PACMSs in India in terms of their working capital, paid-up capital, borrowings, sales of agricultural produce, requisites and consumer goods encompassing the period between 1984-85 and 1997-98 is shown in Table 1.3.

**Table 1.3: Primary Co-operative Marketing Societies in India**

(Amount in thousand rupees)

Sr. No.	Product	1984-85	1993 -94	1994 -95	1997 -98
1	Working capital	6199698 (100.0)	10190509	11165097 (180.1)	21800672 (351.6)
2	Paid up capital	767930 (100.0)	1833474	1450114 (188.8)	4441232 (578.7)
3	Total borrowings	1452188 (100.0)	2172062	1991061 (137.1)	5111686 (352.0)
4	Sales of agril. Produce	7292777 (100.0)	19532367	22080707 (302.8)	37750382 (517.6)
5	Sales of agril. Requisites	4912214 (100.0)	9489780	12975445 (264.1)	18980186 (319.1)
6	Sales of consumer goods	5558932 (100.0)	12048281	12336331 (221.9)	14056375 (252.9)

Source: Statistical statements relating to Co-operative Movement in India, Part II, Non Credit Societies, 1984-85, 1993-94, 1994-95, 1997-98, NABARD

The estimates shown in Table 1.3 clearly underscore the fact that there has been substantial increase in all the quantitative parameters undertaken during the given period of time. The sales of agricultural produce and paid-up capital of PACMSs, in particular, have grown by more than five times during the period between 1984-85 and 1997-98. Even the sales of agricultural requisites, borrowings, and working capital of PACMSs in India have grown by 3-4 times during the same period. However, as for the sales of consumer goods of PACMSs at all-India level is concerned, there has been slower growth during the given period of time.

There are several factors responsible for the success of cooperative marketing in India, though they are crop or region specific. The major factors responsible for the success of co-operative marketing in India could be traced in 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.

However, cooperative marketing network in India is still seen to be beset with several deficiencies. In fact, there are more failure than success stories insofar as cooperative marketing is concerned. The success achieved so far can be considered as modest if compared with the need and potential available for co-operative marketing. In the present milieu, there are several challenges posed before cooperative marketing sector in India, mainly due to the emergence of certain negative factors like erosion of values, decline in service oriented leadership, absence of professional management, tendency to depend too much on government help and financial support, adverse impact of rigid bureaucratic response, outdated legal framework, absence of knowledge based market orientation, etc. In the era of liberalization and globalization, the challenges posed before the co-operative marketing societies will further aggravate.

In view of deficiencies in co-operative marketing network and recognizing the significance of various emerging problems and issues facing the co-operative marketing system, the Directorate of Economics and Statistics of the Ministry of Agriculture, Government of India had suggested several AERCs operating in India to undertake a common study on “Co-operative Marketing Societies: Reasons for Success and Failure”. The AERC, Pune is one among the centers which has undertaken this study for the state of Maharashtra.

The study, carried out in the state of Maharashtra, has its foci on evaluating the strengths and weaknesses of various marketing cooperatives with a view to formulate policies relating to rejuvenation of these cooperatives. The suggestions extended in this study should provide a framework for developing and strengthening cooperative marketing system in India, particularly of F&Vs.

## **1.2 Objectives of the Study**

The specific objectives of the study were as follows:

1. To review the progress of co-operative marketing of important crops in the state of Maharashtra.
2. To undertake four case studies to identify factors responsible for success/failure of co-operative marketing societies.
3. To suggest measures for improving the performance of co-operative marketing.

## **1.3 Methodology**

As per the guidelines provided by the coordinating center, it was decided to select four multipurpose societies to identify factors responsible for success/failure of co-



operative marketing societies operating in the state of Maharashtra. It is to be noted that in the state of Maharashtra cereals, pulses and oilseed crops are sold through Agriculture Produce Marketing Committee (APMC) and that the cooperative marketing societies for these crops do not exist in the state. As for the cotton, there is Cotton Growers Marketing Federation in Maharashtra. This federation directly purchases the crop from the farmers. In the case of cotton too, therefore, there is no cooperative marketing society in the state. There are several cooperative sugar factories in Maharashtra. However, these are considered as industries where farmers directly divert their produce for processing. For sugarcane also, there are no cooperative marketing societies in the state. These observations establish the fact that for foodgrains, oilseeds, fiber and cash crops, the state of Maharashtra do not have cooperative marketing societies. Nonetheless, there are as many as 374 co-operative societies in Maharashtra dealing with the marketing of fruits and vegetables. Among these, there are several multipurpose societies, which not only deal with the marketing of various fruits and vegetables but also supply various inputs to their farmer members, besides extending credit and other facilities to them. It was, therefore, decided to select these fruits and vegetable cooperatives marketing societies for the present investigation.

A detailed region-wise and district-wise list of fruits and vegetables cooperative marketing societies along with their names and addresses was obtained from the Directorate of Marketing, Government of Maharashtra, Pune. After conducting intensive and fruitful discussions with the Director, Assistant Director and other officials of the Directorate, it was decided to select Jalgaon and Sindhudurg districts for undertaking four case studies in the state of Maharashtra. Two case studies were conducted in each of the selected districts. Jalgaon district was specifically selected for the study of multipurpose societies dealing mainly with the marketing of 'banana'. Similarly, Sindhudurg district was purposely selected for the study of multipurpose societies chiefly engaged in the marketing of 'mango'. Out of 374 fruits and vegetables co-operative marketing societies operating in the state of Maharashtra, Jalgaon district encompasses 45 such societies, whereas the numerical strength of fruits and vegetables marketing societies stands at 27 in Sindhudurg district.

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 multipurpose societies and that having a history of at least 10 years of business.

'Nahvi Co-operative Fruit sale Society' was first selected from Yaval taluka of Jalgaon district and it was considered as a success case. The failure case was selected from Raver taluka of Jalgaon district and the name of the society selected for this case study was 'Khanapur Group Fruit Sale Co-operative Society'. A similar procedure was followed in the case of Sindhudurg district. Deogad taluka of Sindhudurg district was selected for studying the success case and the name of the society selected for this case study was 'Deogad Taluka Mango Grower's Co-operative Sale Purchase Society'. 'Rameshwar Fruit Purchase and Sale Co-operative Society' was the other society selected from Vengurla taluka of Sindhudurg district, which was treated as failure case.

Necessary information on various parameters were collected from each of the selected societies with the help of well structured schedules. Four different types of schedules were constructed/used for the collection of necessary data. These were 'Household Schedule', 'Leadership Schedule', 'Primary Marketing Society schedule', and 'Performance Appraisal Schedule'. The 'Household Schedule' mainly encompassed information relating to socio-economic profile of sampled households, their cropping pattern, net income from various activities, the volume of business done by them with the society in terms of inputs, outputs, etc. and their opinion regarding strength and weaknesses of the society. The 'Leadership Schedule' mainly dealt with the leadership profile of the selected societies. Information relating to membership participation, portfolio of business activities, growth in membership, turnover and profit, growth in share capital, reserve and other funds, prices paid, prices realized, etc. were included in the 'Primary Marketing Society Schedule' constructed for each society. Identification of factors influencing demand for and supply of action plans and success of collective action in co-operative business were the major features of 'Performance Appraisal schedule'. Data from various other secondary sources were also collected to review the progress of cooperative marketing societies operating not only at state level but also at district and taluka levels.

It was decided to select 10 households from each of the four villages where the case studies were conducted. In all, 40 households were covered from two selected districts for the present investigation. The study was conducted during 2003-04.

\*\*\*\*\*

## **CHAPTER – II**

### **CO-OPERATIVE MARKETING STRUCTURE IN MAHARASHTRA**

This chapter deals with the profile of cooperative marketing structure in the state of Maharashtra with a view to understand not only the functional structure but also the underlying growth trends in various performance indicators over time. The progress of PACMSs in terms of broad quantitative parameters such as their numerical strength, membership, working capital, paid-up capital, deposits, loans, sales of agricultural produce, requisites, number of profit and loss making societies, etc. has been delineated in more detail in this chapter. Further, in view of crops selected for the case studies, an attempt has also been made to bring into focus the development as well as some other broad salient features of banana, mango and other fruits and vegetables co-operative marketing societies in the state.

The cooperative movement in Maharashtra has played a significant role in the social and economic development of the state, particularly in rural areas. Initially, this movement was confined mainly to the field of agricultural credit. Later it rapidly spread to other fields like, agro-processing, agro-marketing, rural industries, consumer stores, agro-services, dairy, fisheries, etc. Since independence, both credit and non-credit cooperative societies have shown significant progress in Maharashtra. Marketing societies in Maharashtra, in particular, have multifarious goals that include helping the producers for higher returns on farm produce, creation of market infrastructure facilities such as godowns and warehouses, transport vehicles and graders, etc., supply of inputs such as seeds, fertilizers, pesticides, implements, etc., to farmers at reasonable price, providing consumer goods needed by the farmers like cloth, matches, kerosene, and other consumer items, and also undertaking processing activities like crushing oilseeds, ginning and pressing cotton, etc.

#### **2.1 Co-operative Structure in the State**

Co-operative marketing in the state of Maharashtra has four tiers of organizational structure with producer members constituting the smallest unit of the entire enterprise. Their functional dimensions encompass not only the economic but social and moral obligations towards their members. The four tiers of the cooperative marketing structure discernible are: the National Agricultural Marketing Federation of India Ltd. (NAFED)

functioning at apex level, the Maharashtra State Co-operative Marketing Federation Ltd., Mumbai, operating at state level, District/Central Marketing Societies operating at district or central level under State Marketing Federation, and Primary Co-operative Marketing Societies functioning at village level under the regulation of district/central marketing societies.

It is to be noted that as on June 2001, there were 24 apex/State Co-operative Institutions operating in the state of Maharashtra. The apex institutions included: (1) Maharashtra State Co-operative Bank Ltd., (2) Maharashtra State Co-operative Agriculture and Rural Development Bank Ltd., (3) Maharashtra State Co-operative Housing Finance Corporation Ltd., (4) Maharashtra State Co-operative Marketing Federation Ltd., (5) Maharashtra State Cotton Growers Marketing Federation, (6) Maharashtra Rajya Yantramag Kapad Kharedi-Vikri Sanstha Maryadit, (7) Maharashtra Rajya Hatmag Sahakari Sangh Maryadit, (8) Maharashtra State Co-operative Fisheries Federation Ltd., (9) Maharashtra State Co-operative Consumers Federation Ltd., (10) Maharashtra State Co-operative Union Ltd., (11) Maharashtra State Caderisation Co-operative Society Ltd., (12) Maharashtra State Cotton Ginning Co-operative Processing Societies Federation Ltd., (13) Maharashtra State Agricultural Produce Market Committee Federation Ltd., (14) Maharashtra state Co-operative Spinning Mills Federation Ltd., (15) Maharashtra Rajya Sahakari Sakar Karkhana Sangh Maryadit, (16) Maharashtra State Forest Labour Contract Co-operative Societies Federation Ltd., (17) Maharashtra State Labour Cotract Co-operative Societies Federation Ltd., (18) Maharashtra State Co-operative Bank Association Ltd., (19) Maharashtra State Urban Co-operative Banks Federation Ltd., (20) Maharashtra State Co-operative Tribal Development Corporation Ltd., (21) Maharashtra State Co-operative Dairy Societies Federation Ltd., (22) Maharashtra State Co-operative Industrial Estate Federation Ltd., (23) Maharashtra State Co-operative Oilseeds Growers Federation Ltd., and (24) Maharashtra State C-operative Poultry Societies Federation.

Although there are as many as 24 apex co-operative institutions in Maharashtra, these institutions are engaged in diversified activities to meet the producer as well as consumer needs, besides meeting the requirement of labour market. However, in broader terms, the co-operative marketing societies in Maharashtra can be classified as: (a) agricultural marketing cooperatives meant for general purpose, (b) processing cooperatives, (c) allied sector cooperatives such as dairy, poultry and fisheries, (d)

fertilizer cooperatives, (e) tribal co-operatives, (f) consumer co-operatives, (g) weaver's co-operatives, (h) industrial co-operatives, and (i) fruits and vegetables co-operatives, though there is no federation for it.

Notably, during 2000, there were as many as 1,52,745 co-operative societies in Maharashtra dealing with diversified activities. Among these societies, 47 per cent were seen to be engaged in activities relating to social service, 25 per cent in productive enterprises, 13 per cent in agricultural credit extension, 14 per cent in non-agricultural credit activities, and only 0.63 per cent in marketing activities. Such a low proportion of marketing societies is due mainly to the fact that though the farmers are engaged in marketing of their crop, their involvement is mostly directly with the federation or apex institution. For instance, in the case of productive enterprises which encompass sugar factories, rice mills, etc, the farmers directly deal with the industries. Further, mention may be made that the non-agricultural cooperatives, which account for 14 per cent share in total strength of co-operatives in the state, also encompass various marketing activities relating to dairy, poultry and fisheries. Their proportion clubbed with marketing societies will make the total proportion much higher as compared to the present level. As a matter of fact, the estimates reported for marketing societies in Maharashtra are basically for fruits and vegetables and for other societies dealing with multipurpose activities, including marketing, like marketing of arcanut, tobacco, coconut, sugarcane supply, general purpose, etc.

## 2.2 Numerical Strength and Distribution of Marketing Societies

The numerical strength of Primary Co-operative Marketing Societies (PCMS) operating in Maharashtra during the period between 1970-71 and 1998-99 is shown in Table 2.1.

**Table 2.1: Number of Primary Marketing Societies in Maharashtra during different years**

Sr. No.	Year	No. of Marketing Societies
1	1970-71	410
2	1975-76	400
3	1980-81	423
4	1981-82	443
5	1985-86	655
6	1991-92	931
7	1998-99	1055

Source: Handbook of Basic Statistics of Maharashtra state. 1992, 1999

It could be discernible from Table 2.1 that during the 1970s period there was hardly any growth in the numerical strength of PCMS in Maharashtra. Basically, it was

only after the mid-eighties period that marketing societies in the state grew significantly, so much so that during the period between 1985-86 and 1998-99 there was almost two folds rise in the same. During the entire period between 1970-71 and 1998-99, the number of PCMS in Maharashtra were seen to have grown from 410 in 1970-71 to 1055 in 1998-99, showing thereby more than two folds rise in the same during this period.

It could be further noted from Table 2.2 that among various PCMS operating in Maharashtra, about 40 per cent were dealing with the marketing of fruits and vegetables, 27 per cent with other specialized commodities, and 31 per cent with general purposes. The societies engaged in marketing of cotton, arecanut, coconut and sugarcane had marginal share in total numerical strength of PCMS in Maharashtra.

**Table 2.2: Number of Primary Co-operative Marketing Societies in Maharashtra as per Undertaking Marketing of Agricultural Produce**

Sr. No.	Product	1984-85	1993 -94	1994 -95	1997 -98
1	Cotton	37	16	16 (1.5)	11 (1.1)
2	Fruits & Vegetables	116	432	418 (40.4)	401 (40.5)
3	Arecanut	3	3	3 (0.1)	3 (0.3)
4	Tobacco	3	2	2 (0.2)	2 (0.2)
5	Coconut	-	-	-	-
6	Sugarcane supply	3	2	2 (0.2)	1 (0.1)
7	Other specialized commodities	105	293	288 (27.9)	263 (26.6)
8	General purpose	289	296	305 (29.5)	308 (31.1)
9	All marketing societies	556	1044	1034 (100.0)	989 (100.0)

Source: Statistical Statements relating to Co-operative Movement in India, Part II, Non Credit Societies, 1984-85, 1993-94, 1994-95, 1997-98, NABARD

As for the fruits and vegetables marketing societies, the major growth in the same was noticed only during the nineties period. This is evident from the fact that there were only 116 fruits and vegetables co-operative marketing societies in Maharashtra during 1984-85, the strength of which grew to as much as 432 in 1993-94 with a marginal decline in the same thereafter. In general, the PCMS in Maharashtra have grown from 556 in 1984-85 to 989 in 1997-98, showing thereby 78 per cent rise in the same during this period.

### 2.3 Progress of PCMS in Maharashtra

The progress of PCMS in Maharashtra in terms of broad quantitative parameters such as their numerical strength, membership, working capital, paid-up capital, deposits, borrowings, extent of outstanding loans and overdues, sales of agricultural produce, requisites and consumer goods, number of societies advancing loans, extent of loan

advances and recovery of loans encompassing the period between 1984-85 and 1997-98 is shown in Table 2.3.

The PCMS in Maharashtra have shown significant progress during the period between 1984-85 and 1997-98, particularly in terms of working and paid-up capital, deposits, sales of agricultural produce and requisites and recovery of loan advances. Although the numerical strength of PCMS and their membership have grown by nearly two folds between 1984-85 and 1994-95, a marginal decline in the same is also noticed thereafter. However, working capital and paid-up capital, deposits, sales of agricultural produce and requisites of the PCMS have not only grown sharply but steadily during the entire period between 1984-85 and 1997-98. Added to this, there has been tremendous progress in terms of recovery of loans extended by PCMS during the given period of time.

**Table 2.3: Structure of Primary Co-operative Marketing Societies in Maharashtra**  
(Amount in '000' Rupees)

Sr. No.	Particulars	1984 -85	1993 -94	1994 -95	1997 -98
1	No. of societies % + or -	556 (100.0)	1044	1034 (86.0)	989 (77.9)
2	Membership % + or -	492358 (100.0)	789236	794209 (61.3)	757166 (53.8)
3	Working capital % + or -	836017 (100.0)	1933447	2024367 (142.1)	2107575 (152.1)
4	Paid up capital % + or -	96439 (100.0)	303072	308482 (219.9)	680857 (606.0)
5	Deposits % + or -	45757 (100.0)	90180	101424 (121.7)	154907 (238.5)
6	Total borrowings % + or -	142472 (100.0)	391728	424564 (198.0)	692317 (385.9)
7	Loans outstanding % + or -	49891 (100.0)	83113	96895 (94.2)	127451 (155.5)
8	Loans overdue % + or -	14635 (100.0)	19721	288.5 (-98.0)	N.A.
9	Sales of agril. Produce % + or -	1594947 (100.0)	2568290	2161464 (35.5)	5218487 (227.2)
10	Sales of agril. Requisites % + or -	1468681 (100.0)	3356444	4602075 (213.3)	4599256 (213.2)
11	Consumer goods sold % + or -	814146 (100.0)	1784659	2249835 (176.3)	1835225 (125.4)
12	Total sales (9+10+11) % + or -	3077774 (100.0)	7709393	9013374 (132.4)	4599256 (200.5)
13	No. of marketing societies advancing loans % + or -	69 (100.0)	98	95 (37.7)	N.A.
14	Amount of loans advanced % + or -	65100 (100.0)	108586	156384 (140.2)	141699 (117.7)
15	Amount of loans recovered % + or -	61485 (100.0)	82474	110983 (80.5)	894819 (1355.3)

Source: Statistical Statements relating to Co-operative Movement in India, Part II, Non-Credit societies, 1984 -85, 1993-94, 1994-95, 1997-98, NABARD.

A critical evaluation of Table 2.3 shows the total numerical strength of PCMS in Maharashtra to grow from 556 in 1984-85 to 989 in 1997-98, showing 78 per cent rise in the same during this period. The growth in membership of these PCMS has been slower than their numerical strength. The membership of PCMS has grown from 4.92 lakhs in 1984-85 to 7.94 lakhs in 1994-95, with a decline in the same to 7.57 lakhs in 1997-98. In general, there has been 54 per cent rise in membership of PCMS during the period between 1984-85 and 1997-98. The major increase in paid-up capital of PCMS is noticed after 1994-95. In comparison to paid-up capital, the working capital of PCMS has grown at slower pace, but still showing a steady increase in the same during the entire given period. Similarly, the deposits of PCMS have grown by 122 per cent in 1994-95 and by 239 per cent in 1997-98 over that of 1984-85. This further shows that growth in deposits of PCMS is faster after 1994-95.

A further evaluation of Table 2.3 shows that though the PCMS operating in Maharashtra reveal considerable progress in terms of paid-up capital, deposits, working capital, membership and in their numerical strength, the borrowing and outstanding loans of these PCMS have also grown in course of time. The borrowings and outstanding loans of PCMS in Maharashtra have grown by 386 per cent and 156 per cent, respectively, in 1997-98 over that of 1984-85.

As for the progress of PCMS, the major achievement is noticed in terms of their sales of agricultural produce and requisites, which have grown over three times in 1997-98 over that of 1984-85. Even the total sales values of various commodities of PCMS have grown by three folds during the given period of time. However, the amount/extent of loan advances of PCMS has slowed down after 1994-95 in the face of substantial increase (140.2 per cent) in the same during the period between 1984-85 and 1994-95. Further, the PCMS operating in the state of Maharashtra have shown remarkable achievement in terms of their recovery of loan in 1997-98 over that of 1984-85. While the increase in recovery of loan of PCMS in Maharashtra was only to the tune of 80 per cent in 1994-95 over that of 1984-85, this increase grew to as high as 1355 per cent in 1997-98 over that of 1984-85.

The foregoing observations are symptomatic of the fact that the PCMS operating in the state of Maharashtra have done their business reasonably well as not only their paid-up capital, working capital, deposits and loan advances improved significantly but



their sales of various agricultural produce and requisites have also grown substantially during the period between 1984-85 and 1997-98, aside from showing impressive recovery of loans extended by them during this period. The major reasons for this remarkable progress of PCMS operating in Maharashtra may be assigned to higher literacy level and enterprising nature of farmers, government support, flow of dedicated leadership amongst them, and the facilities extended to them by various financial institutions, including NABARD.

#### 2.4 Marketing Business of PCMS

The performance of PCMS operating in the state of Maharashtra has also been evaluated in terms of their amount of business done during the period between 1984-85 and 1994-95. Information relating to distribution of PCMS as per their amount of business done during the above period is furnished in Table 2.4.

It is to be noted that there has been steady increase in the proportion of PCMS doing business as against the proportion of non-performing PCMS of Maharashtra. The proportion of performing PCMS in Maharashtra has grown from 51 per cent during 1984-85 to 56 per cent in 1994-95. The estimates reported in Table 2.4 clearly showed that during 1984-85, about 23 per cent of the total PCMS operating in Maharashtra had done business above 20 lakhs, 3-4 per between 10-20 lakhs, 4 per cent between 5-10 lakhs, 5 per cent between 1-5 lakhs, and 16 per cent below one lakh. It could be further noted that the societies doing business between 10-20 lakhs and 1-5 lakhs grew substantially during the period between 1984-85 and 1994-95. On the other hand, the societies doing business below one lakh declined steadily from 16 per cent in 1984-85 to 10 per cent in 1994-95.

**Table 2.4: Distribution of Primary Co-operative Marketing Societies as per their Marketing Business in Maharashtra**

Sr. No.	Particulars	(Amount In '000' Rs.)		
		1984 -85	1993 -94	1994 -95
1	Less than Rs. 1 lakh (%)	87 (15.65)	83 (7.95)	101 (9.77)
2	Rs. 1 lakh to less than Rs. 5 lakh (%)	27 (4.86)	102 (9.77)	93 (8.99)
3	Rs. 5 lakh to less than Rs. 10 lakh (%)	23 (4.14)	53 (5.08)	57 (5.51)
4	Rs. 10 lakh to less than Rs. 20 lakh (%)	19 (3.42)	67 (6.42)	75 (7.25)
5	Rs. 20 lakh and over (%)	127 (22.84)	243 (23.28)	251 (24.27)
6	Total (%)	283 (50.90)	548 (52.49)	577 (55.80)
7	Societies not doing any marketing business (%)	273 (49.10)	496 (47.51)	457 (44.20)
8	Grand Total (%)	556 (100.00)	1044 (100.00)	1034 (100.00)

Source: Statistical Statements relating to Co-operative Movement in India, Part II, Non-Credit societies 1984 -85, 1993-94, 1994-95. NABARD

Further, though showing a marginal increase, the societies (PCMS) doing business above 20 lakhs during the entire period between 1984-85 and 1994-95 increased from 23 per cent to above 24 per cent during this period. This is clearly an indication of the fact that PCMS operating in Maharashtra and doing business between 10-20 lakhs and 1-5 lakhs, in particular, and also above 20 lakhs, in general, have shown a clear tendency of rising trend in the face of societies doing business below one lakh. This is certainly a positive feature of PCMS as more and more societies are doing business above one lakh and these societies are steadily growing over time, particularly the societies doing business between 1-5 lakhs, 5-10 lakhs, 10-20 lakhs, and above 20 lakhs. These observations are clearly an indication of substantial rise in business activities of PCMS operating in the state of Maharashtra.

### **2.5 Profit and Loss Account of PCMS**

The profit and loss accounts of PCMS operating in Maharashtra vis-à-vis India for different points of time viz., 1984-85, 1993-94, 1994-95, and also for 1997-98 are shown in Table 2.5.

Notably, although the proportion of societies (PCMS) making profit as well as loss in Maharashtra have fluctuated during the period between 1984-85 and 1997-98, the proportion of societies showing profits are much higher as against the societies showing loss. On the other hand, the estimates also show that the proportion of PCMS showing neither any profit nor any loss in Maharashtra have grown steadily from 1984-85 to 1994-95 with a sharp decline in the same in 1997-98. As against the scenario obtainable in Maharashtra, the proportion of PCMS operating at all-India level and showing profit in relation to total numerical strength of the societies have shown by and large a steady decline all through the period between 1984-85 and 1994-95 with an improvement in the same during 1997-98. Nonetheless, it is to be noted that in absolute terms the PCMS operating in Maharashtra vis-à-vis India have shown a steady increase all through the period between 1984-85 and 1997-98, with the sole exception of 1994-95 when the absolute number of societies making profit at all-India level declined drastically as against the reference year 1993-94.

It could be further noted that a disquieting feature of Table 2.5 was that the amount of profit made by the PCMS operating in Maharashtra was much lower than the amount of loss incurred by them during the period between 1984-85 and 1994-95. It was

only during 1997-98 that the PCMS operating in Maharashtra showed higher amount of profit as compared to their losses.

**Table 2.5: Number of Primary Marketing Societies Making Profit or Loss and Amount of Profit and Loss in Maharashtra vis-à-vis India**

(Amount in '000' Rs.)

Sr. No.	Particulars	1984 -85		1993 -94		1994 -95		1997 -98	
		Mahara-shtra	India	Mahara-shtra	India	Mahara-shtra	India	Mahara-shtra	India
1	No. of societies making profit (%)	302 (54.32)	2938 (49.24)	407 (38.98)	3335 (46.22)	427 (41.30)	2323 (39.19)	482 (48.74)	4531 (41.93)
2	No. of societies making loss (%)	162 (29.14)	1631 (27.33)	459 (43.97)	2269 (31.45)	419 (40.52)	2127 (35.88)	437 (44.19)	2932 (27.13)
3	No. of societies without profit or loss (%)	92 (16.55)	1398 (23.43)	178 (17.05)	1611 (22.33)	188 (18.18)	1478 (24.93)	70 (7.08)	3344 (30.94)
4	Total no. of societies	556 (100)	*5967 (100)	1044 (100)	7215 (100)	1034 (100)	5928 (100)	989 (100)	10807 (100)
5	Amount of profit	9180	135880	58296	234127	55260	5883615	91011	493801
6	Amount of loss	11614	111869	82641	284026	96837	297072	73015	1019313

Source: Statistical Statements relating to Co-operative Movement in India, Part II, Non-Credit societies 1984 -85, 1993-94, 1994-95, 1997-98. NABARD

As regards the amount of profit made by PCMS at all-India level, no clear cut trend could be discerned. The amount of profit made by the PCMS operating at all-India level was substantially high during 1994-95 and moderately high during 1984-85 as compared to losses incurred by them during these two reference years. On the other hand, these PCMS operating at all-India level showed substantially high amount of losses during 1997-98 and moderately high during 1993-94 as compared to profit made by them during these two reference years. In general, it could be noted that when majority of the PCMS operating at all-India level showed significant amount of losses, the PCMS operating in Maharashtra were marked with considerable amount of profit as against their losses. Thus, in more recent times, the PCMS operating in Maharashtra have shown much better performance as against their counterpart operating at all-India level.

## 2.6 District-wise Distribution of PCMS

An attempt in this chapter has also been made to present estimates relating to district-wise increase in numerical strength of PCMS of Maharashtra, and these estimates corresponding to the reference years 1981-82 and 1996-97 are presented in Table 2.6.

It is to be noted that the numerical strength of PCMS operating in Maharashtra has grown from 443 in 1981-82 to as high as 982 in 1996-97, showing thereby about 122 per cent rise in the same during this period. A ranking of the PCMS based on their

numerical strength in each district of the state for the reference years 1981-82 and 1996-97 has also been done in Table 2.6. Although there were 30 districts in the state during 1996-97, the ranking to these districts, based on the numerical strength of PCMS, was assigned only upto X<sup>th</sup> as there were very few PCMS operating in other districts of Maharashtra.

**Table 2.6: District-wise Number of Co-operative Marketing Societies in Maharashtra**

Sr. No.	District	Number of Marketing Societies		Sr. No.	District	Number of Marketing Societies	
		1981-82	1996-97			1981-82	1996-97
1	Brihan Mumbai	1	-	17	Parbhani	8	16
2	Thane	9	21	18	Beed	9	55 (IV)
3	Raigad	14 (IX)	36 (X)	19	Nanded	14 (IX)	17
4	Ratnagiri	10	16	20	Osmanabad	11	19
5	Sindhudurga	9	37 (IX)	21	Latur	-	10
6	Nashik	23 (III)	92 (II)	22	Buldhana	16 (VII)	36 (X)
7	Dhule	23 (III)	83 (III)	23	Akola	15 (VIII)	19
8	Jalgaon	62 (I)	182 (I)	24	Amravati	17 (VI)	17
9	Ahmednagar	18 (V)	46 (V)	25	Yavatmal	14 (IX)	14
10	Pune	31 (II)	44 (VII)	26	Wardha	12	11
11	Satara	10	16	27	Nagpur	16 (VII)	16
12	Sangli	13 (X)	40 (VIII)	28	Bhandara	14 (IX)	13
13	Solapur	18 (V)	36	29	Chandrapur	18 (V)	13
14	Kolhapur	20 (IV)	45 (VI)	30	Gadchiroli	-	6
15	Aurangabad	13 (X)	16		Total	443	982
16	Jalna	5	10		% Increase	0.00	+121.67

Source: Statistical Abstract of Maharashtra State, Directorate of Economics and Statistics, Government of Maharashtra. 2003

It could be readily discerned from Table 2.6 that among various districts of Maharashtra Jalgaon district ranked I<sup>st</sup> in terms of total numerical strength of PCMS, both during 1981-82 and 1996-97. Not only this, the district of Jalgaon has shown nearly three folds rise in its PCMS (from 62 to 182) during the period between 1981-82 and 1996-97. Nasik district ranked II<sup>nd</sup> during 1996-97 in terms of numerical strength (with 92) of PCMS. In this respect, the ranking of Nasik district was III<sup>rd</sup> along with Dhule district during 1981-82, which also ranked III<sup>rd</sup> during 1996-97. The IV<sup>th</sup> ranking in this respect was assigned to Beed district with 55 PCMS in 1996-97. On the other hand, Kolhapur district ranked IV<sup>th</sup> with 20 PCMS in 1981-82, the ranking of which was VI<sup>th</sup> in 1996-97 with 45 PCMS. The district of Ahmednagar was assigned V<sup>th</sup> ranking during both 1981-82 and 1996-97 with 18 PCMS in 1981-82 and 46 PCMS in 1996-97. Chandrapur district also ranked V<sup>th</sup> in 1981-82, which showed a drastic fall in its numerical strength of PCMS during 1996-97. The VII<sup>th</sup> ranking in this respect was assigned to Pune district

with 44 PCMS in 1996-97. The ranking of Nagpur with 16 PCMS, and also Amravati district, was VII<sup>th</sup> in this respect in 1981-82. In the descending order, the VIII<sup>th</sup> ranking was assigned to Sangli district with 40 PCMS in 1996-97, which ranked X<sup>th</sup> in 1981-82 with 13 PCMS along with Aurangabad district during this year. The IX<sup>th</sup> ranking in this respect was assigned to Sindhudurg district in 1996-97 with 37 PCMS. On the other hand, Yavatmal with 14 PCMS and Raigad with equal number of PCMS ranked IX<sup>th</sup> in 1981-82. As regards X<sup>th</sup> ranking, it was assigned to Raigad and Buldana districts with 36 PCMS in 1996-97. The other districts basically had numerical strength of PCMS around 20 and below during 1996-97 and 10 and below during 1981-82.

In general, the districts of Jalgaon , Pune, Nasik and Dhule, Kolhapur, Ahmednagar, Solapur and Chandrapur put together accounted for 48 per cent share in total PCMS operating in Maharashtra in 1981-82. On the other hand, the districts of Jalgaon, Nasik, Dhule, Beed, Ahmednagar, and Kolhapur put together accounted for 51 per cent share in total PCMS operating in Maharashtra in 1996-97. This is an indication of the fact that there are very few districts which have major (or around 50 per cent Share) contribution to the total PCMS operating in Maharashtra.

## **2.7 Area and Output of Banana and Mango in Maharashtra**

Notably, bulk of the banana produced in India comes from the state of Maharashtra. This state leads the country not only in total output of banana but also acreage under the crop. Jalgaon, in particular, is one of the leading contributors to the total banana production in the state. About 30 per cent of the total banana produced in the country comes from the state of Maharashtra. This high value crop grown in the state of Maharashtra accounts for about 25 per cent of the total banana area of the country. Apart from banana, the state of Maharashtra has also considerable significance in the country in terms of its high quality mango production, which is exported to several countries. Although the total production of mango as well as area under the crop is not much in Maharashtra as compared to several states of the country, the quality of mango grown in Maharashtra is of much superior in nature as against other states and, as a result, these high value crops find place in the international market. 'Alphanso' mango grown in Sindhudurg and Ratnagiri districts, in particular, of Maharashtra has world wide demand. As the focus of the present investigation has been on the societies dealing with the marketing of these two (banana and mango) high value crops, it is thought prudent to provide an insight into the acreage as well as output of these crops cultivated in

Maharashtra encompassing the period between 1981-82 and 1995-96. The estimates relating to area under banana and mango crops as well as output of banana crop are provided in Table 2.7. It is to be noted that though area estimates under mango cultivation stand readily available, the estimates in respect of output of this valued crop are not available in any of the published secondary sources. As a result, the output estimates of mango are not reported in Table 2.7.

**Table 2.7: Area and Production of Banana and Mango in Maharashtra.**

Sr. No.	Year	Banana		Mango		GCA of Maharashtra. (in '00' hec.)
		Area (in '00' hec.)	Production (in '000' tones)	Area (in '00' hec.)	Production (in '000' tones)	
1	1981-82	N.A.	N.A.	151 (0.07)	N.A.	203859 (100.00)
2	1985-86	251 (0.12)	1158.1	166 (0.08)	N.A.	202659 (100.00)
3	1986-87	284 (0.14)	1379.3	178 (0.09)	N.A.	203240 (100.00)
4	1987-88	258 (0.12)	1334.7	250 (0.12)	N.A.	209420 (100.00)
5	1990-91	292 (0.13)	1604.0	344 (0.16)	N.A.	218594 (100.00)
6	1991-92	307 (0.15)	1613.9	362 (0.18)	N.A.	201334 (100.00)
7	1992-93	304 (0.14)	1601.5	400 (0.19)	N.A.	210289 (100.00)
8	1995-96	386 (0.18)	2219.7	667 (0.31)	N.A.	213274 (100.00)
Increase in 1995-96 over 1981-82)		+ 53.78	+ 91.67	+ 341.72	-	-

Source : 1) Districtwise Agricultural Statistical Information of Maharashtra, Part II, 1999  
 2) Season and Crop Reports, Government of Maharashtra  
 3) Districtwise Agricultural Statistical Information of Maharashtra, Part II  
 Season and Crop Reports 1986-87, 1987-88

The estimates reported in Table 2.7 clearly show about 54 per cent rise in area under banana crop in Maharashtra during the period between 1981-82 and 1995-96. The increase in output of banana during the same period in Maharashtra has been much faster than area under the crop, which is obviously because of rise in yield of this high value crop. On the other hand, as against rise in area under banana crop, the area under mango has grown tremendously during the entire period between 1981-82 and 1995-96. The increase in area under mango cultivation in the state of Maharashtra has been as high as 342 per cent during the period between 1981-82 and 1995-96. In fact, the area under mango crop, which was much lower than area under banana crop until 1987-88, exceeded the area under banana crop after 1987-88, so much so that during 1995-96 the mango crop cultivated in the state of Maharashtra showed about 0.31 per cent of gross cultivable

area (GCA) of the state under it as against only 0.18 per cent of GCA of the state under banana crop.

Interestingly, for both banana and mango crops, the cultivable area as proportion of GCA of the state is insignificant. Basically, the area under these crops as proportion of GCA stood at less one per cent throughout the period between 1981-82 and 1995-96. However, despite the fact that the area under both the crops was less than one per cent of GCA of the state during the entire period between 1981-82 and 1995-96, there was a steady increase in area under these two valued crops during this period. This is evident from the fact that the area under banana increased from 0.12 per cent of GCA in 1981-82 to 0.18 per cent of GCA in 1995-96. Similarly, the area under mango crop increased from as low as 0.07 per cent of GCA in 1981-82 to 0.31 per cent of GCA in 1995-96. These estimates clearly show a significant attention given to these high value crops during the entire period between 1981-82 and 1995-96. The mango crop, in particular, has shown much higher rise in area under its cultivation as against banana crop cultivated in the state of Maharashtra. The reason for mango crop showing higher increase in area could be traced in greater demand of this high value crop in the international market. The mango crop grown in Maharashtra, particularly of 'Alphanso' variety, has been drawing much demand in the world market as against banana crop, which is also one of the export amenable crops cultivated in the state of Maharashtra. And, as a result, mango crop has shown higher increase in its acreage as against banana crop.

## **2.8 District-wise Area and Output of Banana and Mango in Maharashtra**

An attempt is also made in this section to provide an insight into the district-wise area under banana and mango crop, and also the output of banana crop cultivated in the state of Maharashtra. These estimates for the reference years 1992-93 and 1995-96 are provided in Table 2.8.

As could be readily discerned from Table 2.8, Jalgaon was the only district in Maharashtra which accounted for 63 per cent share in total banana area of the state in 1992-93 and 58 per cent share in 1995-96, showing thereby a marginal decline in share of Jalgaon in total banana crop area of the state. The district of Jalgaon also showed a marginal decline in its share in total banana output of the state, which declined from 63 per cent in 1992-93 to 55 per cent in 1995-96. Apart from Jalgaon, the districts like Parbhani, Nanded and Dhule also had significant share in total area as well as output of banana in the state. The other banana producing districts with marginal presence in terms

of area and output in the state were noticed to be Thane, Pune, Aurangabad, Jalna, Latur, Buldana, Akola, Amravati, Yavatmal and Wardha.

**Table 2.8 : District-wise Area and Production of Banana and Mango in Maharashtra.**  
(Area in '00' hectares); Production in '00' tones)

Sr. No.	District	Banana				Mango			
		Area		Production		Area		Production	
		1992-93	1995-96	1992-93	1995-96	1992-93	1995-96	1992-93	1995-96
1	Brihan Mumbai					-	-	-	-
2	Thane	10	3	42.8	19.47	11	22	-	-
3	Raigad					28	54	-	-
4	Ratnagiri					137 (34.25)	219 (32.83)	-	-
5	Sindhudurga					115 (28.75)	200 (29.99)	-	-
6	Nashik					10	35	-	-
7	Dhule	13	15	75.5	96.0	6	5	-	-
8	Jalgaon	191 (62.83)	223 (57.78)	1002.7 (62.61)	1229.4 (55.38)	-	1	-	-
9	Ahmednagar					6	10	-	-
10	Pune	14	3	78.2	22.6	8	7	-	-
11	Satara					4	17	-	-
12	Sangli					4	2	-	-
13	Solapur					5	8	-	-
14	Kolhapur					3	5	-	-
15	Aurangabad	6	6	35.2	33.2	1	1	-	-
16	Jalna	4	3	19.8	16.3	1	4	-	-
17	Parbhani	17	42	105.8	284.2	3	4	-	-
18	Beed					7	9	-	-
19	Nanded	18	57	91.0	304.9	-	-	-	-
20	Osmanabad	N.A.	N.A.	N.A.	N.A.	15	14	-	-
21	Latur					2	15	-	-
22	Buldhana	5	7	29.0	45.9	-	1	-	-
23	Akola	5	2	22.6	15.3	4	2	-	-
24	Amravati	5	5	21.4	33.1	14	15	-	-
25	Yavatmal	4	5	19.6	34.2	2	2	-	-
26	Wardha	7	7	32.5	39.2	5	3	-	-
27	Nagpur					1	2	-	-
28	Bhandara					2	4	-	-
29	Chandrapur					2	2	-	-
30	Gadchiroli					4	4	-	-
31	All Remeining Distircts	5	8	25.31	45.98			-	-
32	Total	304	386	1601.41	2219.75	400	667	-	-

Source: 1) Mango Area: Season and Crop report, 1992-93 and 1995-96 (production estimates not available)

2) Banana Area and Production: District-wise Agricultural Statistical Information of Maharashtra Part II, 1999

As regards mango, although it was seen to be cultivated in almost all the districts of Maharashtra, Ratnagiri and Sindhudurg districts put together accounted for 63 per cent share in total area under mango cultivation of the state. This held true during both 1992-93 and 1995-96. The other important mango cultivating districts in the state were Thane, Raigad and Nasik, aside from Osmanabad and Amravati. However, mention may be



made that though mango crop is cultivated almost in the entire state and in all the districts of the state, its cultivation as well as production is mainly/chiefly confined to Sindhudurg and Ratnagiri districts of Maharashtra.

The banana crop cultivated in Jalgaon district and mango crop in Ratnagiri and Sindhudurg districts of Maharashtra have not only substantial demand in domestic market but also in world market because of much superior quality of produce with mango showing greater demand in the world market.

## **2.9 Progress of Fruits and Vegetables Marketing Societies in Maharashtra**

The progress of various fruits and vegetables (F & Vs) co-operative marketing societies operating in Maharashtra in terms of broad quantitative parameters such as their numerical strength, membership, working capital, paid-up capital, volume of sales of their agricultural produce, requisites and consumer goods, extent of loan advances and recovery, numerical strength of societies making profit and loss, amount of profit and loss, etc., encompassing the period between 1984-85 and 1997-98 is shown in Table 2.9.

As could be readily witnessed from Table 2.9, the fruits and vegetables marketing societies operating in Maharashtra have shown tremendous growth in their various performance indicators during the entire period between 1984-85 and 1997-98, particularly in respect of their working capital, paid-up capital, and value of sales of agricultural produce, requisites and consumer goods. However, the disquieting features of Table 2.9 are that the loans extended by these societies and their recovery have declined sharply in 1997-98 over that of 1984-85. The decline in recovery is more sharp as compared to loans extended by these F & Vs marketing societies. Similarly, the loss incurring societies have grown more sharply than profit making societies in 1997-98 over that of 1984-85, though the number of profit making societies exceeded the loss making societies in 1997-98. Not only this, amount of profit made by these fruits and vegetable marketing societies, though grew substantially in 1997-98 over that of 1984-85, the growth in amount of loss incurred by these societies was much higher as against the amount of profit made by these societies during the entire period. In fact, it was only during the period between 1984-85 and 1994-95 that the F & Vs marketing societies operating in Maharashtra showed much higher amount of profit than amount of losses incurred by them. However, this scenario was seen to reverse in 1997-98 when amount of losses incurred by these societies marginally exceeded than the amount of profit made by these societies. However, in general, if some negative features like profit and loss account

and extension of loan and their recovery are set aside, the F & Vs marketing societies operating in Maharashtra during the period between 1984-85 and 1997-98 have done reasonably well not only in terms of their volume of business but also in respect of their working capital, paid-up capital, numerical strength of the societies and their membership.

**Table 2.9: Fruits and Vegetables Primary Marketing Societies in Maharashtra**

(Amt In 000 Rs.)

Sr. No.	Particulars	1984-85	1993-94	1994-95	1997-98
1	No. of societies	116	432	418 (260.34)	401 (245.69)
2	Membership	29230	65102	64779 (121.62)	61338 (109.85)
3	Working capital	71078	357551	398969 (461.31)	545802 (667.89)
4	Paid up capital	10916	91986	87594 (702.44)	156027 (1329.34)
5	Sale of argil. Produce	82722	301896	342399 (313.92)	409255 (394.74)
6	Sale of argil. Requisites	57566	277275	359548 (524.58)	479349 (732.69)
7	Consumer goods sold	9669	28406	17754 (83.62)	123747 (1179.83)
8	Total sales (5+6+7)	149957	607577	719701 (379.94)	1012351 (575.09)
9	Loans advanced	56392	81676	113702 (101-63)	17216 (-69.47)
10	Loans recovered	52913	69717	104721 (97.91)	3818 (-92.78)
11	No. of societies making profit	56	111	134 (139.29)	184 (228.57)
12	No. of societies making loss	19	203	158 (731.58)	169 (789.47)
13	No. of societies without profit/loss	41	118	126 (207.31)	48 (17.07)
14	Total no. of societies	116	432	418 (260.34)	401 (245.69)
15	Amount of profit	1735	10914	11874 (584.33)	13984 (705.99)
16	Amount of loss	298	7761	4807 (1513.09)	14029 (4607.72)

Source : Statistical statements relating to the Co-operative Movement In India. Part II, Non-credit societies, 1984-85, 1993-94, 1997-98, NABARD

The PCMS in general operating in Maharashtra, on the other hand, have shown better or satisfactory performance in 1997-98 mainly due to substantial amount of recovery of their loan during this year, which is seen to have grown over 1300 per cent in 1997-98 over that of 1984-85 (Table 2.3). As a result, the amount of profit made by these PCMS operating in Maharashtra has exceeded than the losses incurred by them in 1997-98, and when majority of the PCMS operating at all-India level showed substantial amount of loss as against the amount of profit made by them.

The foregoing observations are pointer to the fact that the F & Vs marketing societies, in general, and PCMS, in particular, have performed reasonably well in Maharashtra during the entire period between 1984-85 and 1997-98, if certain deficiencies in their operation are set aside. There could be several factors behind the success of these societies. The factors such as higher literacy and enterprising nature of farmers, flow of efficient and dedicated leadership, an environment conducive to production, infrastructure facilities, facilities extended by NABARD and other financial institutions, government support, etc., might have played a crucial role in inducing these

societies to perform/function well in the state of Maharashtra. However, mention may be made that since F & Vs 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 in 1997-98, in particular, efforts should be made to rectify these deficiencies in the functioning of these societies dealing with the marketing of high value crops. At the same time, it can not be ignored that in absolute terms there has been steady increase in the amount of profit made by these F & Vs marketing societies operating in the state of Maharashtra, which is seen to have grown over 700 per cent in 1997-98 as compared to the reference year 1984-85.

Thus, it can be concluded that some minor remedial measures and strategies framed or initiated by these marketing societies or undertaken by them, particularly in respect of recovery of their loan advances, will certainly further 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 PCMS operating in Maharashtra.

\*\*\*\*\*

## CHAPTER – III

### PRPFIE OF SELECTED DISTRICTS

This chapter deals with some background information about both the sampled districts selected from the state of Maharashtra, particularly in respect of their human population encompassing males and females and rural and urban population, distribution of population among various cultivation and non-cultivation activities, land utilization pattern, cropping pattern, irrigation facilities, output and yield of various crops, etc. In fact, there are wide agro-climatic differences in our study districts. Even within the district, different regions have different agro-climatic conditions. Some areas are classified under wet regions while other areas fall under dry region. The type of crops grown in a particular area depends on the soil type and agro-climatic conditions. In view of differences in topography and agro-climatic conditions, it is thought essential to provide a brief insight into the profile of the sampled districts selected from the state. The profile of sampled districts is delineated separately.

#### 3.1 Profile of Jalgaon District

The history of Jalgaon district can be traced in the era of 'Mughals' who ruled the country for a long period. Initially, the entire Maharashtra was divided into various states/regions like Gomati, Mandka, Khanda, Vidharba, and Roopvahika. The king of Khand region, who was the first ruler of Gujarat, i.e., 'Sultan' and who (Malik Yala Khan) became the second king/ruler of Khand region, had accorded the name of 'Khandesh' to this region in which at present Jalgaon district falls. Although the district has pretty long history, basically the district of Jalgaon was established by the Government of Maharashtra on October 10, 1960, which was earlier called 'Khandesh' region of Maharashtra. The district is located in the southern part of the state and lies between 20<sup>o</sup>.00' and 21<sup>o</sup>.00' North Latitudes and 74<sup>o</sup>.55' and 76<sup>o</sup>.28' East Longitudes. It is considered to be the dry region of Maharashtra where the average annual rainfall stands at around 650 mm as against the similar figure of 1628 mm for the state of Maharashtra (estimates as per the reference year 2001-02). The lowest temperature in this district during winter season was recorded at 10-11<sup>o</sup> C and highest during summer season at 42-43<sup>o</sup> C during 2001-02. The average rainfall in the selected Yaval taluka of Jalgaon district

during 2001 was recorded at 8.4 mm in January, 3.8 mm in February, 3.3 mm in March, 2.3 mm in April, 14.7 mm in May, 129.5 mm in June, 236.5 mm in July, 157.0 mm in August, 149.1 mm in September, 37.6 mm in October, 20.1 mm in November, and 6.6 mm in December. The similar figures for Raver taluka of Jalgaon district were 10.7 mm in January, 5.3 mm in February, 3.3 mm in March, 2.3 mm in April, 12.2 mm in may, 142.0 mm in June, 194.1 mm in July, 137.4 mm in August, 150.1 mm in September, 36.6 mm in October, 108.4 mm in November, and 8.9 mm in December. So, by and large, both the selected talukas received similar rainfall during 2001. The district at present encompasses 15 talukas, among which both Yaval and Raver have 100 per cent area under well irrigation. The district itself is considered as dry region of Maharashtra. However, the district is famous for its banana and cotton cultivation because of favourable climate for the growth of these crops. And, among these two crops, banana is traded not only in domestic market but it has world wide demand because of its much superior quality as compared to banana cultivated in other regions or states of the country. The socio-economic features along with land utilization and cropping pattern of this district are delineated in the subsequent sections.

### 3.1.1 Human Population of Jalgaon District

Information relating to distribution of human population of Jalgaon district, as per 2001 census, among males and females and also rural and urban areas is presented in Table 3.1.

**Table 3.1: Distribution of Population by Sex and Rural Urban Areas in Selected Districts**

Sr. No.	Particulars	Total	Male	Female	No. of Female per 1000 Males	Rural	Urban
1.	Yaval Taluka	248396	128272	120324	938	193099 (77.74)	55497
2.	Raver Taluka	285236	146853	138383	942	239911 (84.11)	45325
3.	Jalgaon District	3682690	1905493	1777197	933	2629896 (71.41)	1052794
4.	Deogad Taluka	125288	60272	65016	1079	125288 (100.00)	-
5.	Vengurla Taluka	88387	42631	45756	1073	75916 (85.89)	12471
6.	Sindhudurg District	868825	417890	450935	1079	786506 (90.53)	82319
	Maharashtra	96878627	50400596	46478031	922	55777647 (57.57)	41100980

Source: Final Population Totals, Census of India, 2001

An analysis of estimates reported in Table 3.1 showed that during the census year 2001 about 58 per cent of the total human population of the state of Maharashtra belonged to rural areas. However, the population belonging to rural areas was much higher (71.41 per cent) in the district of Jalgaon as compared to the state during this census year. Within Jalgaon district, the selected taluka of Yaval had 78 per cent of its human population belonging to rural area, whereas the Raver taluka's population belonging to rural area stood at 84 per cent during this year. Interestingly, the number of females per '1000' males stood at, by and large, same in both the selected talukas of Jalgaon district with males dominating female population. In general, as per 2001 census, the district of Jalgaon accounted for 3.80 per cent of the total human population of the state of Maharashtra.

### 3.1.2 Workers, Cultivators and Agricultural Labourers in Jalgaon District

Apart from sex-wise and area-wise distribution of population presented in Table 3.1, information relating to occupation-wise or profession-wise distribution of population has also been presented in Table 3.2. The total human population in each selected district of Maharashtra, in particular, has been distributed among workers, cultivators and agricultural labourers.

**Table 3.2: Distribution of Population as per Workers, Cultivators and Agricultural Labours in Selected Districts**

Sr. No.	Particulars	Total	Workers	Cultivators	Agricultural Labours
1.	Yaval Taluka	248396 (100.00)	NA	NA	NA
2.	Raver Taluka	285236 (100.00)	NA	NA	NA
3.	Jalgaon District	3682690 (100.00)	1600789 (43.47) 100.00	381751  23.85	762677  47.64
4.	Deogad Taluka	125288 (100.00)	NA	NA	NA
5.	Vengurla Taluka	88387 (100.00)	NA	NA	NA
6.	Sindhudurg District	868825 (100.00)	412731 (47.50) 100.00	189338  45.87	82577  20.01
	Maharashtra	96878627 (100.00)	41173351 (42.50) 100.00	12009903  29.17	11290945  27.42

Source: District Statistical Abstracts, 2001-02, Jalgaon and Kolhapur Districts, Directorate of Economics and Statistics, Government of Maharashtra, Mumbai

It is to be noted that out of the total human population of 36,82,690 in Jalgaon district, 43.47 per cent were workers. Among various working population, 23.85 per cent were cultivators and 47.64 per cent agricultural labourers. The workers of Jalgaon district constituted 3.89 per cent of the total workers of the state.

### 3.1.3 Land Utilization Pattern in Jalgaon District

The land utilization pattern of Jalgaon district as well as the pattern of use of land for the selected sampled talukas from the district is shown for the reference year 1997-98 in Table 3.3.

**Table 3.3: Land Utilisation in Jalgaon District: 1997-98**

Sr. No.	Particulars	(Area in Hectares)		
		District Area	Yaval Taluka Area	Raver Taluka Area
1.	Total Geographical Area	1163898 (100.0)	95438 (100.0)	93570 (100.0)
2.	Area Under Forest	155691 (13.4)	30118 (31.6)	25000 (26.7)
3.	Barren and Fallow Land	55137 (4.7)	2707 (2.8)	2724 (2.9)
4.	Land Under Non-agricultural Use	29350 (2.5)	1573 (1.6)	1410 (1.5)
5.	Culturable Land Put Not in Use	13633 (1.2)	532 (0.5)	1116 (1.2)
6.	Permanent Grazing Land	48751 (4.2)	1346 (1.4)	4881 (5.2)
7.	Land Under Trees & Horticultural but not Taken Under Cultivable Area	4760 (0.4)	836 (0.9)	-
8.	Current Fallow	20099 (1.7)	867 (0.9)	580 (0.6)
9.	Other Fallow	21693 (1.9)	181 (0.2)	1103 (1.2)
10.	Net Cultivated Area	814700 (70.0)	57278 (60.0)	56756 (60.6)
11.	Area Cropped More than Once	112700	4047	11884
12.	Gross Cropped Area	927400	61325	68640
13.	Net Irrigated Area	155440	23554	26943
14.	Total Irrigated Area	172100	23669	28411
15.	Percentage of Irrigated Area to GCA	18.56	38.60	41.39
16.	Cropping Intensity (%)	113.83	107.07	120.94

Source: District Statistical Abstract, Jalgaon District, 2001-02

Out of the total geographical area of 11,63,898 hectares in Jalgaon district, 13.4 per cent area was under forest cover, 4.7 per cent treated as barren and fallow land, 2.5 per cent as land under non-agricultural uses, 1.2 per cent considered as culturable land put not in use, 4.2 per cent as grazing land, 0.4 per cent as land under trees and various horticultural crops not taken under cultivable area, 1.7 per cent treated as fallow land, 1.9 per cent as other fallow land, and 70 per cent as the net cultivable area. The cropping

intensity of Jalgaon district was estimated at 113.83 per cent in 1997-98. During the same year, the proportion of irrigated area to GCA stood very low at 18.56 per cent due mainly to the dependence of Jalgaon district chiefly on rainfall because of its status as dry region.

Both the selected talukas from Jalgaon district showed lower proportion (60 per cent) of total geographical area under net cultivation as compared to the proportion of cultivable area (70 per cent) of the district. Contrary to this, the area under forest cover was substantially high in these two selected talukas of Jalgaon district. The forest area as proportion of total geographical area stood at 32 per cent in the case of Yaval taluka and 27 per cent for Raver taluka in the face of only 13 per cent of forest area for the district as a whole. Further, as against only 18.56 per cent of GCA under assured irrigation for the district, the selected talukas showed about 40 per cent of their total GCA under assured irrigation with Raver taluka showing marginally higher proportion in this respect. The cropping intensity was estimated at 107.07 per cent for Yaval taluka and 120.94 per cent for Raver taluka. Thus, the intensity of cropping was higher in Raver taluka and lower in Yaval taluka as compared to the cropping intensity of the district as a whole.

### 3.1.4 Cropping Pattern in Jalgaon District

Details regarding area allocation under various crops along with productivity and output of these crops grown in the district of Jalgaon for the reference year 2001-02 are provided in Table 3.4.

**Table 3.4: Area Under Major Crops in Jalgaon District: 2001-02**

Sr. No.	Crops	Area (in Hectares)		Production (in '00' MT)	Yield (in KGs /Hectare)
		1997-98	2001-02	2001-02	2001-02
1.	Rice	1658 (0.18)	720	7	560
2.	Wheat	31922 (3.44)	21935	393	1644
3.	Jowar	206000 (22.21)	213501	2538	1405
4.	Bajra	82912 (8.94)	75792	540	864
5.	Maize	8529 (0.92)	4855	181	1828
6.	Bengal Gram	49484 (5.34)	12145	244	899
7.	Tur	24304 (2.62)	15077	180	634
8.	Moong	33691 (3.63)	33567	226	578
9.	Udid	57304 (6.18)	48133	350	612
10.	Cowpea	2196 (0.24)	2717	NA	NA
11.	Sugarcane	10491 (1.13)	11739	10074	75
12.	Banana	41507 (4.48)	48845	NA	NA
13.	Cotton	287801 (31.03)	319540	5049	213
	GCA	927400 (100.00)			

Source: District Statistical Abstract, Jalgaon District, 2001-02

Note: Figures in parentheses are percentages to the total gross cropped area (GCA)



As could be readily discerned from Table 3.4, the crops that dominated the cropping pattern of Jalgaon district were Cotton, Jowar and Bajra. These three crops put together accounted for more than 60 per cent share in total GCA of the district. The other major crops grown in the district were seen to be Banana among horticultural crops, Udid, Moong, Tur and Bengal Gram among pulses, and Wheat among cereals. A critical evaluation of Table 3.4 also showed a substantial increase in area under Banana in 2001-02 as against the area under this high value crop in 1997-98. On the other hand, except for Jowar, Cowpea, Sugarcane, Cotton and Banana, all the crops cultivated in Jalgaon district showed a falling trend in their area allocation in 2001-02 as compared to the reference year 1997-98. In general, the crops enlisted in Table 3.4 accounted for 90 per cent share in total GCA of the district.

As for the taluka of Yaval, the area allocation was substantially high under Cotton, Jowar, Banana, and Udid. These four crops put together accounted for 66 per cent share in total GCA of the taluka in 2001-02 (Table 3.4 (a)). The other less dominating crops in this taluka were mainly other pulse crops like Moong, Tur and Bengal Gram, and to some extent Wheat among cereals. The area allocation under Rice, Bajra, Maize and Cowpea was by and large negligible in this taluka when compared with GCA.

**Table 3.4(a): Area Under Major Crops in Jalgaon District: 2001-02**

Sr. No.	Crops	(Area in Hectares)	
		Area Yaval Taluka	Area Raver Taluka
1.	Rice	24 (0.04)	6 (0.01)
2.	Wheat	3934 (6.4)	8119 (11.8)
3.	Jowar	11401 (18.6)	12454 (18.1)
4.	Bajra	57 (0.09)	41 (0.06)
5.	Maize	41 (0.07)	228 (0.3)
6.	Bengal Gram	4414 (7.2)	2638 (3.8)
7.	Tur	2896 (4.7)	2982 (4.3)
8.	Moong	2809 (4.6)	2432 (3.5)
9.	Udid	6189 (10.0)	3064 (4.5)
10.	Cowpea	170 (0.3)	141 (0.2)
11.	Sugarcane	1008 (1.6)	3235 (4.7)
12.	Banana	7071 (11.5)	17184 (25.0)
13.	Cotton	15780 (25.7)	13488 (19.6)
	GCA	61325 (100.0)	68640 (100.0)

Source: District Statistical Abstract, Jalgaon District, 2001-02

The selected taluka of Raver also showed substantial area under Banana, Cotton and Jowar. These three crops put together accounted for 63 per cent share in total GCA of the taluka in 2001-02. Another important major crop cultivated in this taluka was noticed to be Wheat, which had 12 per cent share in GCA of the taluka in 2001-02. Like Yaval taluka, pulses crops like Udid, Moong, Tur and Bengal Gram were seen to have

reasonable share in total GCA of Raver taluka. The crops, which had negligible share in Gca of the taluka, were Rice, Bajra, Maize and Cowpea. In general, the crops enlisted in Table 3.4 (a) showed 90.80 per cent share in total GCA of Yaval taluka and 95.87 per cent share in the same for Raver taluka.

### 3.1.5 Sources of Irrigation in Jalgaon District

There are at present as many as 15 talukas in Jalgaon district. Majority of these talukas are dependent on well irrigation. The surface irrigated area is noticed to be only in few talukas. Basically, well and surface are the only two sources of irrigation in the district of Jalgaon. The estimates relating to area irrigated under these two sources for all the 15 talukas of the district are shown in Table 3.5.

**Table 3.5: Taluka-wise Area Irrigated by Sources in Jalgaon District During 1997-98**  
(Area in Hectares)

Sr. No.	Name of Taluka	Area Under Irrigation		
		Surface Area	Well	Total
1.	Chopda	-	13194	13194
2.	Yaval	-	23554 (100.0)	23554 (100.0)
3.	Raver	-	26943 (100.0)	26943 (100.0)
4.	Muktai Nagar	366	6232	6598
5.	Bodvad	-	-	-
6.	Bhusaval	5260	2326	7586
7.	Jalgaon	4100	7431	11531
8.	Erandol	-	10210	10210
9.	Dharungaon	-	-	-
10.	Amalner	-	10707	10707
11.	Parola	-	9919	9916
12.	Bhadgaon	1300	9056	10356
13.	Chalisgaon	-	9950	9950
14.	Pachora	-	10984	10984
15.	Jamner	-	3911	3911
	<b>Total District</b>	<b>11026 (7.09)</b>	<b>144414 (92.9)</b>	<b>155440 (100.0)</b>

Source: District Statistical Abstract, Jalgaon District, 2001-02

Note: For the year 1997-98, information of taluka of Bodvad is included in taluka of Bhusaval and information of taluka of Dharangaon is included in taluka of Erandol

A critical evaluation of Table 3.5 showed about 93 per cent of the total irrigated area of the district under well irrigation and only 7 per cent under surface irrigation. Among various talukas of the district, the talukas like Chopda, Yaval, Raver, Erandol, Amalner, Parola, Chalisgaon, Pachora and Jamner showed 100 per cent irrigated area under well irrigation. It was only in the case of talukas like Muktai Nagar, Bhusaval, Jalgaon and Bhadgaon that surface irrigation was followed along with well irrigation. And, among these talukas, Bhusaval had higher area under surface irrigation as compared

to well irrigation. Similarly, the taluka of Jalgaon also had substantial area under surface irrigation, though lower than well irrigation. Thus, the estimates reported in Table 3.5 showed substantially high dependence of all the talukas of Jalgaon district on well as against surface irrigation.

### **3.2 Profile of Sindhudurg district**

Sindhudurg district falls between  $15^{\circ}37'$  and  $16^{\circ}40'$  North Latitudes and  $73^{\circ}19'$  and  $74^{\circ}18'$  East Longitudes. In fact, until 1980 Sindhudurg district was a part of Ratnagiri district of Maharashtra. It was only during 1981 that Sindhudurg district was separated from Ratnagiri district because of the demand of local population as well as political pressure in the area. Both these districts fall in the western part of Konkan region. This region receives considerable amount of rainfall during rainy season and, therefore, considered as wet region of Maharashtra. The average annual rainfall in this district was recorded at 2482.1 mm in 2001-02, which turned out to be much higher than the average rainfall of the state at 1628 mm during this year. The variation in temperature in this district was not observed to be much as against the district of Jalgaon. The lowest temperature in Sindhudurg district during winter season was recorded at  $16.3^{\circ}$  C and highest during summer season at  $33.08^{\circ}$  C during 2001-02. The average rainfall in the selected Deogad taluka of Sindhudurg district during 2001 was recorded at 38 mm in May, 745 mm in June, 789 mm in July, 445 mm in August, 319 mm in September, 110 mm in October, and 35 mm in November. The similar figures for Vengurla taluka of Sindhudurg district were 70 mm in May, 855 mm in June, 995 mm in July, 535 mm in August, 269 mm in September, 115 mm in October and 32 mm in November. Thus, vengurla taluka, in general, received higher rainfall during 2001 as compared to deogad taluka of Sindhudurg district. However, mention may be made that the average rainfall in both the selected talukas was much lower as compared to the average rainfall of the district as a whole during 2001. At present, the Sindhudurg district encompasses 8 talukas. Unlike Jalgaon district, majority of the talukas of Sindhudurg district are dependent on surface irrigation rather than well irrigation. This district has considerable significance in Maharashtra mainly because of its very high quality mango cultivation, which is not only consumed domestically but also exported to several countries. The socio-economic characteristics of this district coupled with its land utilization and cropping pattern, extent of irrigation facilities, etc. are dealt with in the subsequent sections.

### **3.2.1 Human population of Sindhudurg District**

A break-up of human population between male and female, and also based on rural and urban area along with sex ratio in terms of number of females per '1000' males for the district of Sindhudurg is also provided in Table 3.1.

An analysis drawn from Table 3.1 clearly showed substantially high proportion (91 per cent) of total human population of Sindhudurg district, as per 2001 census, belonging to rural areas. Interestingly, the selected Deogad taluka of Sindhudurg district had 100 per cent human population under rural set up as against 86 per cent of total human population in the rural area in the case of the selected Vengurla taluka of the district. Another interesting feature discernable from Table 3.1 is the higher proportion of females as compared to males not only in the district of Sindhudurg but also in the selected talukas of the district. As per 2001 census, the number of females per '1000' males were 1079 in deogad taluka and 1073 in Vengurla taluka as against 1079 for the district as a whole. This is certainly an interesting observation, apart from much higher proportion of human population belonging to rural area of the district.

### **3.2.2 Workers, Cultivators and Agricultural Labourers in Sindhudurg District**

A distribution of total human population of Sindhudurg district among various working classes viz., workers, cultivators and agricultural labourers is also presented in Table 3.2.

An examination of Table 3.2 revealed higher proportion (47.50 per cent) of workers in the district of Sindhudurg as compared to the district of Jalgaon, which had 44 per cent of its total human population under working class. Not only this, the cultivators among total workers in Sindhudurg district were much higher (46 per cent) as compared to Jalgaon district (24 per cent). On the other hand, the agricultural labourers among total workers in Sindhudurg district were much lower (20 per cent) as against the Jalgaon district (48 per cent). This is an indication of the fact that the district of Sindhudurg is predominated by cultivators as against the district of Jalgaon. Further, whether the proportion of population of workers or cultivators to the total population, the proportions were much higher for the district of Sindhudurg as against the state as a whole.

### **3.2.3 Land Utilization Pattern in Sindhudurg District**

The land utilization pattern of Sindhudurg district along with similar utilization of land estimates for the selected talukas of Deogad and Vengurla for the reference year 1997-98 is provided in Table 3.6.

**Table 3.6: Land Utilisation in Sindhudurg District: 1997-98**

(Area in Hectares)

Sr. No.	Particulars	District Area	Deogad Taluka Area	Vengurla Taluka Area
1.	Total Geographical Area	503950 (100.0)	78127 (100.00)	29033 (100.0)
2.	Area Under Forest	38643 (7.7)	3004 (3.85)	873 (3.01)
3.	Barren and Fallow Land	20971 (4.2)	1846 (2.36)	1529 (5.27)
4.	Land Under Non-agricultural Use	121878 (24.1)	33145 (42.42)	6236 (21.48)
5.	Culturable Land Put Not in Use	65283 (12.9)	2832 (3.62)	6914 (23.81)
6.	Permanent Grazing Land	962 (0.2)	-	-
7.	Land Under Trees & Horticultural but not Taken Under Cultivable Area	38624 (7.7)	211 (0.27)	-
8.	Current Fallow	20016 (4.0)	2162 (2.77)	204 (0.70)
9.	Other Fallow	79639 (15.8)	22363 (26.62)	1871 (6.44)
10.	Net Cultivated Area	118000 (23.4)	16964 (21.71)	12316 (42.42)
11.	Area Cropped More than Once	26400	1510	3580
12.	Gross Cropped Area	144400	18474	15896
13.	Net Irrigated Area	33329	5970	4962
14.	Total Irrigated Area	36700	6034	5079
15.	Percentage of Irrigated Area to GCA	25.42	32.66	31.95
16.	Cropping Intensity (%)	122.37	108.90	129.07

Source: District Statistical Abstract, Sindhudurg District, 2001-02

Note: Since the figures for 1999-2000 are provisional, 1997-98 figures are reported.

The estimates reported in Table 3.6 clearly showed much lower proportion of total geographical area under cultivation not only for the selected talukas of Deogad and Vengurla but also for the district as a whole, though the district, in general, showed much higher proportion of its total geographical area under net cultivation as compared to the talukas. It could be noted from Table 3.6 that 24 per cent of total geographical area of Deogad taluka and 42 per cent of Vengurla taluka was under non-agricultural use as against 21 per cent area under such use for the district of Sindhudurg. Similarly, 27 per cent of the total geographical area of Deogad and 6 per cent of Vengurla was under other fellow land as against 16 per cent area under such land for the district as a whole. The district of Sindhudurg also showed substantial area under culturable land put not in use as proportion of total geographical area, which was substantially high in Vengurla taluka (24 per cent) as compared to Deogad taluka (4 per cent).

The estimates reported in Table 3.6 clearly show much higher proportion of area under non-agricultural use, other fallow land and culturable land put not in use as against the proportion of total cultivable area. This holds true not only for the selected talukas but also for the district as a whole. Due to higher proportion of total geographical area under other use, the net cultivable area turns out to be low not only in the selected talukas but also in the district. However, the percentage of irrigated area to GCA stands at much higher in Sindhudurg district as compared to Jalgaon district. Further, the intensity of cropping is relatively high (122.37 per cent) in the district of Sindhudurg as against the district of Jalgaon. Vengurla taluka of Sindhudurg district, in particular, showed substantially high (129.07 per cent) cropping intensity as against the intensity of cropping (108.90 per cent) noticed in Deogad taluka.

### **3.2.4 Cropping Pattern in Sindhudurg District**

Information relating to cropping pattern of Sindhudurg district coupled with area allocation under various crops in the selected talukas of the district for the reference year 1997-98 is provided in Table 3.7.

The cropping pattern of Sindhudurg district during 1997-98 was noticed to be in favour of cultivation of cereal crops and various horticultural crops. While cereal crops alone accounted for 62.8 per cent share in total GCA of Sindhudurg district, the share of F & Vs in total GCA of the district was 21.2 per cent. Among various F & Vs, mango crop accounted for 9.6 per cent share in total GCA of the district. Another important crop cultivated in Sindhudurg district was noticed to be cashewnut, accounting for 11.4 per cent share in total GCA of the district. Coconut also had reasonable share (6.1 per cent) in total GCA of the district. The other crops like pulses, spices and groundnut had marginal share in total GCA of Sindhudurg district.

In the selected taluka of Deogad of Sindhudurg district, F & Vs accounted for even higher share in total GCA of the taluka as compared to cereal crops. The share of F & Vs in total GCA of the taluka stood at 48.73 per cent as against share of cereals in the same at 46.4 per cent during the same period. Obviously, the other crops cultivated in the taluka like pulses, spices, coconut, groundnut, etc. had marginal presence in total GCA of the taluka. Interestingly, among various F & Vs cultivated in the taluka, mango crop alone accounted for 44.73 per cent share in total GCA of Deogad taluka.

**Table 3.7: Area Under Major Crops in Sindhudurg District During 1997-98**

(Area in Hectares)

Sr. No.	Crops	Total Area of the District	Deogad Taluka	Vengurla Taluka
1.	Rice	87350 (60.5)	8515 (46.0)	7549 (47.49)
2.	Nachni	3020 (2.1)	70 (0.38)	105 (0.66)
3.	Total Cereals	90677 (62.8)	8585 (46.4)	7656 (48.16)
4.	Cowpea	109 (0.1)	-	-
5.	Udid	302 (0.2)	30 (0.16)	4 (0.03)
6.	Horse Gram	845 (0.6)	260 (1.40)	29 (0.18)
7.	Total Pulses	1790 (1.2)	290 (1.57)	33 (0.21)
8.	Chilly	208 (0.5)	50 (0.27)	-
9.	Arecanut	498 (0.3)	30 (0.16)	148 (0.93)
10.	Total Spices	782 (0.5)	80 (0.43)	224 (1.41)
11.	Coconut	8820 (6.1)	376 (2.03)	2789 (17.55)
12.	Mango	13822 (9.6)	8250 (44.56)	2017 (12.69)
13.	Cashew nut	16491 (11.4)	735 (3.97)	2497 (15.71)
14.	Total Fruits and Vegetables	30643 (21.2)	9023 (48.73)	4644 (29.21)
15.	Groundnut	3729 (2.6)	90 (0.49)	440 (2.77)
	GCA	144400 (100.0)	18516 (100.0)	15896 (100.0)

Source: District Statistical Abstract, Sindhudurg District, 2001-02

As for Vengurla taluka, the area allocation under cereals, F & Vs, cashewnut and coconut was noticed to be substantially high. While cereal crops cultivated in Vengurla taluka accounted for 48.15 per cent share in total GCA of the taluka, the shares of other crops like F & Vs, coconut and cashewnut were 29.21 per cent, 17.55 per cent and 15.71 per cent, respectively, in total GCA of the taluka during 1997-98. Among various F & Vs, mango crop accounted for 12.69 per cent share in total GCA of the taluka.

Thus, the foregoing observations clearly underscore the fact that the cropping pattern of both the selected talukas as well as for the district as a whole was in favour of cultivation of cereal crops as well as F & Vs. Apart from these crops, coconut and cashewnut also had reasonable share in total GCA of the selected talukas as well as the district.

### 3.2.5 Sources of Irrigation in Sindhudurg District

Like Jalgaon district, in Sindhudurg district also surface and well were the only two sources of irrigation with the only difference that the area under surface irrigation was substantially high as against well irrigation in Sindhudurg district. In fact, the reverse held true in the case of Jalgaon district. Details regarding area allocation under surface as well as well irrigation for all the talukas of Sindhudurg district for the reference year 1997-98 are provided in Table 3.8.

**Table 3.8: Taluka-wise Area Irrigated by Sources in Sindhudurg District During 1997-98**  
(Area in Hectares)

Sr. No.	Name of Taluka	Area Under Irrigation		
		Surface Area	Well	Total
1.	Deigad	5925 (99.2)	45 (0.8)	5970 (100.0)
2.	Voivhav Wadi	5187 (99.14)	45 (0.86)	5232 (100.0)
3.	Kankavali	4510 (100.0)	-	4510 (100.0)
4.	Malvan	2972 (71.24)	1200 (28.76)	4172 (100.0)
5.	Vengurla	4507 (90.8)	455 (9.2)	4962 (100.0)
6.	Kudal	5120 (95.52)	240 (4.48)	7586 (100.0)
7.	Sawant Wadi	2878 (92.15)	245 (7.85)	3123 (100.0)
8.	Dodamarg	-	-	-
	<b>Total District</b>	<b>31099 (93.3)</b>	<b>2230 (6.7)</b>	<b>155440 (100.0)</b>

Source: District Statistical Abstract, Sindhudurg District, 2001-02

Note: Dodamarg Taluka information is included in Sawant Wadi Taluka

It could be readily discerned from Table 3.8 that the surface irrigated area was as high as 93 per cent as against only 7 per cent area under well irrigation in the district of Sindhudurg during 1997-98. Among various talukas, Konkavali showed 100 per cent area under surface irrigation. Similarly, the selected taluka of Deogad also showed almost entire irrigated area (99 per cent) under surface irrigation. On the other hand, the selected taluka of Vengurla showed 91 per cent irrigated area under surface irrigation and 9 per cent under well irrigation. Another taluka showing 99 per cent irrigated area under surface irrigation was Voivhav Wadi. Among various talukas of Sindhudurg district, Malvan showed relatively lower area under surface irrigation, though much higher than well irrigation. In fact, in the case of Malvan, 71 per cent irrigated area was under surface irrigation and 29 per cent under well irrigation. However, in general, surface irrigation dominated well irrigation in the entire district of Sindhudurg during 1997-98.



### 3.2.6 Yield and Production of Major Crops in Sindhudurg District

An attempt is also made to provide an insight into the production and yield of various crops cultivated in the district of Sindhudurg. These estimates for the reference year 1997-98 are provided in Table 3.9.

**Table 3.9: Crop-wise Total Yield and Production of Major Crops in Sindhudurg District**

Sr. No.	Crops	Yield (in KGs /Hectare)	Total Production in '00' MT
		2001.02	2001-02
1.	Rice	2511	1974
2.	Maize	1834	2
3.	Nachni	1099	32
4.	Other cereals	625	7
5.	Total cereals	2434	2015
6.	Udid	766	2
7.	Moong	670	1
8.	Other pulses	296	32
9.	Total pulses	500	35
10.	Coconut	0.09	879
11.	Jinger	814	2
12.	Chilly (Red)	916	4
13.	Turmeric	1068	14

Source: District Statistical Abstract, Sindhudurg District, 2001-02

It could be noted that rice crop cultivated in Sindhudurg district had much higher yield as compared to Jalgaon district (Tables 3.9 and 3.4). However, the yield of maize was same in both the selected districts. Except for Bengal gram, which had substantially high yield in Jalgaon district, the other pulse crops like udid and moong had higher yield in Sindhudurg district as against Jalgaon district. The yield levels of other crops cultivated in Jalgaon and Sindhudurg district could not be brought into comparison as the cropping pattern was by and large entirely different in these two selected districts because of agro-climatic differences of the regions to which these districts belonged.

A comparison of socio-economic profile of the two selected districts clearly bring us closer to the fact that the resource endowment, particularly in terms of irrigation facilities, was much better in Sindhudurg district as compared to Jalgaon district. However, mention may be made that both the districts have considerable significance in the state of Maharashtra because of their substantial contribution to total banana and mango output of the state. These high value crops cultivated in these districts have significant domestic as well as export demand because of their much superior quality.

\*\*\*\*\*

## CHAPTER – IV

### CO-OPERATIVE MARKETING SOCIETIES IN MAHARASHTRA: CASE STUDIES

This chapter deals with four in-depth case studies conducted on co-operative marketing societies operating in the state of Maharashtra. Among the four co-operative marketing societies selected in this investigation, two societies have performed efficiently during the time period under consideration and, therefore, are considered as successful societies. On the other hand, the remaining two societies are seen to be beset with several deficiencies in their functioning and, therefore, are treated as failure cases. Several quantitative as well as qualitative parameters and indicators have been considered to evaluate the performance of these societies over time with a view to trace reasons for their success and failure. The performance of these societies is evaluated not 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. The in-depth study/evaluation has been performed for the following four co-operative marketing societies operating in the state of Maharashtra:

Sr. No.	Name-of the Society	Village	Taluka	District	Type of Case
1	Nahvi Co-operative Fruit Sale Society	Nahvi	Yaval	Jalgaon	Success
2	Khanapur Group Fruit Sale Co-operative Society	Khanapur	Raver	Jalgaon	Failure
3	Deogad Taluka Mango Growers' Co-operative Sale Purchase Society	Vijaydurg	Deogad	Sindhudurg	Success
4	Rameswar Fruit Sale Society	-	Vengurla (located in the Taluka head quarters)	Sindhudurg	Failure

Among these four societies, the first two deal with the marketing of banana and the remaining two are engaged in the marketing of mango. The first society dealing with the marketing of banana represents success case, whereas the second one is treated as failure case. Similarly, in the case of societies engaged in the marketing of mango, the first one is considered as success case and the other one as failure case. In fact, the basic idea of this chapter is to compare the performance of successful cases with that of the failure cases. An in-depth study of these cases has been delineated separately in the subsequent sections:

#### 4.1 Nahvi Co-operative Fruit Sale Society (NCFSS)

The NCFSS, located in the village of Nahvi, is around 20 kms. from Yaval taluka of Jalgaon district. It is reckoned as one of the best societies dealing with the marketing of banana. The society came into being on 2<sup>nd</sup> Sept., 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.

During the initial years of the formation/establishment of the society, banana was transported from the farmer's field to the Savda railway station (very near to Bhusaval) through bullock cart. However, gradually the members of the society raised capital and purchased a truck for the transportation of their produce. It is to be noted that ever since its inception the NCFSS has been catering to the requirements of farmers belonging to four villages located around it, which also include the village where the society is located (Tables IV.1.1 and IV.1.2).

**Table IV.1.1: Distribution of Villages as per their Distance from the NCFSS**

Distance	No. of Villages	Area Covered
Upto 10 kms.	3 (75.00)	583 hectares
11 – 20 kms.	1 (25.00)	5 hectares
21 – 30 kms.	-	-
31 kms. & above	-	-
Total	4 (100.00)	20 kms (approx.)

**Table IV.1.2: Distribution of Villages as per their Year of Affiliation with the NCFSS**

Year	No. of Villages
1961	4 (100.00)
Total	4 (100.00)

Shri Dadasaheb Jivaram Tukaram Mahajan, formerly holding the post of state Home Minister, is the founder Chairman and Director of the society. He is still continuing as the Chairman of the society and has considerable influence insofar as various major decisions relating to the NCFSS are concerned. The NCFSS has quite ambitious objectives. The specific objectives are to:

- (a) Provide remunerative prices/rates to the farmers for their produce.
- (b) Provide fertilizer to the farmers on subsidized rates.  
(subsidized rates means marginally lower than market rates)
- (c) Raise economic status of the farmers through extension of various facilities.
- (d) Rescue the farmers from the clutches of private traders.

The facilities extended by the NCFSS mainly encompass: (a) extension of loans to its members, (b) provision of fertilizer and other inputs on credit basis, (c) marketing of farmer's produce, (d) payment of dividend, and (e) distribution of sugar among the farmers. It is to be noted that the members of the NCFSS have shares in the sugar factory operating very near to the village of Nahvi. Against this share, the society receives sugar from the sugar factory, which is distributed among the members as per their shares. This practice has been followed by the society from the past several years. Owing to various facilities extended by the society, the economic status of its members has improved considerably over time.

#### 4.1.1 Business Activities of NCFSS

The major business activities of the NCFSS encompass marketing of inputs, output and extension of credit facilities to the members. Information relating to various business activities followed by the society since its inception is provided in Table IV.1.3.

**Table IV.1.3: Different Activities of Cooperative Marketing Society: NCFSS**

Sr. No.	Activity	Year	Annual Business (Rs.)	
			Initial Year	2001-02
<b>A</b>	<b>Marketing of Input</b>			
	1. Fertilizer	1961-62	73659	3228628
	2. Crude Oil	1961-62	84193	-
<b>B</b>	<b>Marketing of Output</b>			
	1. Banana	1961-62	465781	26228950
<b>C</b>	<b>Consumer Activity</b>			
	Nil	-	-	-
<b>D</b>	<b>Services</b>			
	Nil	-	-	-
<b>E</b>	<b>Financial Activity</b>			
	1. Credit	1961-62	41516	997881

The NCFSS has been regularly marketing fertilizer input ever since its inception. During the initial years, this society was also involved in the sale of crude oil. However, this practice was stopped by the society after few years of its inception. In due course of time the society has shown considerable growth in its fertilizer sale. The value of fertilizer sale of the NCFSS is seen to have increased from Rs.73,659 during 1961-62 to Rs.32,28,628 by 2001-02, showing thereby about 44 times rise in its fertilizer sale over the past four decades. During 1961-62, the sale of crude oil of the NCFSS was valued at Rs.84,193. As for the marketing of output, banana is noticed to be the only produce marketed by the NCFSS. Like fertilizer, there has been several folds rise in the sale of banana. The value of sale of banana of NCFSS has grown from Rs.4,65,781 during 1961-62 to as high as Rs.2,62,28,950 by 2001-02, showing thereby 56 times rise in its banana sale over the past four decades. Thus, the output sale of NCFSS has grown at much faster rate as compared to its input sale.

It can also be discerned from Table IV.1.3 that the NCFSS has been extending credit to its members ever since its establishment. The amount of credit extended by the NCFSS has grown from Rs.41,516 during 1961-62 to as high as Rs.9,97,881 by the year 2001-02. This indicates that there has been 24 times rise in loan advances of NCFSS to its members over the past four decades. These observations are symptomatic of the growing business of the NCFSS over the past 40 years or so. However, mention may be made here that ever since its establishment the NCFSS has been completely concentrating in the marketing of input like fertilizer and in the domestic trade of banana, besides extending credit facilities to its members. The NCFSS does not involve in consumer or service activities.

#### **4.1.2 Membership Pattern of NCFSS**

Membership of a society dealing with the marketing of various fruits and vegetables has a profound influence on its business as it is the members who contribute significantly towards the marketing of output of the society. The entire business of NCFSS largely depends on its members. A break-up of members of the NCFSS belonging to various caste and occupation, and also as per their land ownership status is presented in Table IV.1.4.

It is to be noted from Table IV.1.4 that about 94 per cent of the total 196 members of the NCFSS belong to the other backward class (OBC: Leva Patedar) and that the representation of higher caste in its membership is hardly 5 per cent.

**Table IV.1.4: Distribution of Members as per Caste, Major Occupation and Land Ownership Status: NCFSS**

Sr. No.	Particulars	Society Members	Board Members	Total Village Households
<b>A</b>	<b>Caste</b>			
	1. General	10 (5.10)	-	20 (0.57)
	2. OBC	184 (93.88)	11 (100.00)	2880 (82.43)
	3. SC	-	-	185 (5.29)
	4. NT	2 (1.02)	-	85 (2.43)
	5. ST	-	-	324 (9.28)
	<b>Total</b>	<b>196 (100.00)</b>	<b>11 (100.00)</b>	<b>3494 (100.00)</b>
<b>B.</b>	<b>Major Occupation</b>			
	1. Cultivators (only)	154 (78.57)	11 (100.00)	1767 (50.57)
	2. Agril. Labour + Agril.	30 (15.31)	-	1410 (40.35)
	3. Service + Agril.	12 (6.12)	-	47 (1.35)
	4. Landless	-	-	270 (7.73)
	<b>Total</b>	<b>196 (100.00)</b>	<b>11 (100.00)</b>	<b>3494 (100.00)</b>
<b>C</b>	<b>Land Ownership Status</b>			
	1. Marginal	31 (15.82)	-	525 (15.03)
	2. Small	40 (20.41)	-	1128 (32.28)
	3. Medium	68 (34.69)	6 (54.55)	946 (27.07)
	4. Large	57 (29.08)	5 (45.45)	625 (17.89)
	5. Landless	-	-	270 (7.73)
	<b>Total</b>	<b>196 (100.00)</b>	<b>11 (100.00)</b>	<b>3494 (100.00)</b>

Note: Figures in parentheses are percentages to the total

Majority (about 79 per cent) of these members are exclusively cultivators. The representation of those members, who have agriculture as their main occupation and who also work as agricultural labourers, in the total membership of NCFSS is noticed to be around 15 per cent. The remaining six per cent of the total members of NCFSS are seen to have service as their main occupation with agriculture as the subsidiary occupation. Further, the representation of medium category of farmers in total membership of the NCFSS is seen to be the highest (nearly 35 per cent), followed by large (29 per cent), small (20 per cent) and marginal (16 per cent) category. Out of total membership of 196, 11 members are seen to have their representation in the board of management of NCFSS. All these members are medium and large categories of cultivators belonging to other backward class (OBC). This is an indication of membership of NCFSS in favour of cultivators belonging to OBC category.

#### 4.1.3 Progress of NCFSS

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 IV.1.5. The

quantitative parameters instrumental in evaluating the progress of the NCFSS mainly encompass numerical strength of its members, share capital, reserve and other funds, profit profile, dividend declared/extended by it to its members, volume of sale of input and output, and the amount of credit extended by the NCFSS to its members.

**Table IV.1.5: Membership, Share Capital, Reserve Fund, Credit, etc. of the NCFSS**  
(Amount in Rs.)

Year	Member-ship	Share Capital	Reserve & Other Funds	Profit	Loss	Dividend (%)	Fertilizer Sale Value	Banana Sale Value	Credit (Loan Advances)
1961-62	24	5400	2800	3560	-	3	-	465781	19462
1980-81	288	331563	1326239	46144	-	2	1120578	5082742	1827243
1981-82	291	358328	1429657	47616	-	9	-	-	2014872
1982-83	290	359965	1445673	57898	-	9	1307200	4752059	2064487
1983-84	290	415622	1481411	76195	-	9	1603814	5389309	2150109
1984-85	290	410684	1513746	58605	-	9	1793345	5073937	2728246
1985-86	286	406295	1516815	131386	-	9	1717879	6705369	2348513
1986-87	267	381013	1611299	10182	-	9	1642864	4975171	2098571
1987-88	281	384720	1701739	64077	-	9	1180105	4114652	1621517
1988-89	281	377537	1717154	11147	-	9	1258433	3563373	1439061
1989-90	281	371092	1702971	81834	-	9	1463472	5652042	1423922
1990-91	282	356540	1723126	122923	-	12	1447767	6225877	1130850
1991-92	281	355420	1754492	59922	-	12	1310889	7686580	1207424
1992-93	280	354090	1780504	79259	-	12	1946410	6334835	1731346
1993-94	279	353090	1817022	70291	-	12	2564415	7524583	1973906
1994-95	277	351380	1865293	227176	-	12	3134385	11832031	1635377
1995-96	206	264771	1966616	162630	-	12	3031501	13283954	1655547
1996-97	200	257440	2130161	264938	-	12	3637875	19378284	1784745
1997-98	200	254790	2208821	539131	-	12	3753751	27660648	1736801
1998-99	196	251620	2599459	243215	-	12	3702726	23597346	1367850
1999-00	196	251620	2728930	107961	-	12	3728986	28286853	1615728
2000-01	196	251620	2785724	376968	-	15	4590976	33480036	717653
2001-02	196	251620	3004014	294213		15	3228628	26228950	997881

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 and a marked increase in its dividend declared to its members. On the other hand, the profit profile of the NCFSS and the amount of credit extended by it to its members was found to have fluctuated considerably during this period.

Notably, the membership of NCFSS has declined steadily from 288 during 1980-81 to 196 in 2001-02. Similarly, the share capital base of the NCFSS has also fallen from Rs.3,31,563 during 1980-81 to Rs.2,51,620 in 2001-02. Contrary to this, the reserve and other funds of the NCFSS has grown from Rs.13,26,239 during 1980-81 to Rs.30,04,014 by 2001-02. The profit earned by the NCFSS is also seen to have increased from Rs.46,144 during 1980-81 to Rs.1,31,386 in 1985-86, and further to Rs.3,76,968 in 2000-

01 with a decline in the same to Rs.2,94,213 in 2001-02. In fact, a critical evaluation of Table IV.1.5 clearly shows sharp fluctuation in profit earned by the society during the past two decades. However, dividend declared by the society has grown sharply, so much so that it has increased from mere 2 per cent during 1980-81 to as high as 15 per cent in 2001-02. As for the marketing of output, the value of banana sale of the NCFSS has grown by leaps and bounds during the given period of time. The sale of banana of NCFSS in value terms has increased from Rs.50,82,742 during 1980-81 to Rs.2,62,28,950, showing thereby around five times rise in its marketing of banana during the two decades period. The marketing of fertilizer of the NCFSS has also increased steadily over time. But, this increase in the marketing of fertilizer of NCFSS has been at a slower pace as compared to its marketing of banana. While during 1980-81 the NCFSS had sold Rs.11,20,578 worth of fertilizer, this value of fertilizer sale was seen to increase to Rs.32,28,628 in 2001-02, and, thus, recording nearly three folds rise in its fertilizer sale over the past two decades. Interestingly, the amount of credit extended by the NCFSS to its members has declined steadily from Rs.20,14,872 during 1981-82 to Rs.9,97,281 in 2001-02. In fact, the pace of decline in loan advances of NCFSS has been in line with the decline in its membership during the past two decades.

Thus, the past two decades are marked with considerable increases in the NCFSS's reserve and other funds, net profit, value of sale of fertilizer input and banana output and dividend declared by the society. Not only the NCFSS has shown remarkable increases in these quantitative parameters over time but the total business turnover of this society has also grown significantly over the past two decades. This is evident from Table IV.1.6, 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.

As can be discerned from Table IV.1.6, the total business turnover of the NCFSS has increased from Rs.66,49,241 in 1982-83 to Rs.3,67,14,193 in 2001-02. Thus, business turnover of the NCFSS has grown by 452 per cent in 2001-02 over that of 1982-83. The annual business of the NCFSS through output sale has also grown by 452 per cent during the same period. As for the growth in annual business through input sale, an increase to the tune of 355 per cent is noticed in 2001-02 over that of 1982-83. Similarly, the net profit earned by the NCFSS has also grown over 400 per cent in 2001-02 over that of 1982-83.



**Table IV.1.6: Growth in Sales, Turnover and Net Profit of the NCFSS (Rs.)**

Year	Annual Sale / Business		Turnover	Gross Profit	Net Profit
	Input	Output			
1982-83	1307200 (0.00)	4752060 (0.00)	6649241 (0.00)	38717 (0.00)	57897 (0.00)
1985-86	1717879 (31.42)	6705369 (41.10)	9512690 (43.06)	62579 (61.63)	131385 (126.93)
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)
1997-98	3753751 (187.16)	27660648 (482.08)	32600399 (390.29)	156683 (304.69)	539131 (831.19)
1998-99	3702726 (183.26)	23597346 (396.57)	28991072 (336.01)	118636 (206.42)	243214 (320.08)
1999-2000	3728986 (185.27)	28286853 (495.25)	35465839 (433.38)	96061 (148.11)	107960 (86.47)
2000-01	4590976 (251.21)	33480036 (604.54)	41556512 (524.98)	105482 (172.44)	376967 (551.10)
2001-02	5943761 (354.69)	26228950 (451.95)	36714193 (452.16)	81870 (111.46)	294212 (408.16)

In fact, a critical evaluation of Table IV.1.6 shows wide fluctuations in gross and net profits of the NCFSS during the past two decades with 1997-98 recording the highest gross and net profit and 1982-83 showing the lowest figures in this respect. Further, during the entire period between 1982-83 and 2001-02, the year 2000-01 shows the highest business turnover for the NCFSS, and also value of sale of output for this society. On the other hand, during this period, the year 2001-02 shows higher annual business of NCFSS through marketing of input. Thus, there are mixed trends insofar as the various quantitative parameters undertaken in Table IV.1.6 are concerned.

#### 4.1.4 Distribution of Net Profit of NCFSS

The NCFSS generally distributes its net profit among various funds to strengthen its overall business and financial position. The distribution of net profit earned by the NCFSS during the period between 1996-97 and 2001-02 is shown in Table IV.1.7.

It is to be noted that during the entire period between 1996-97 and 2001-02, the NCFSS had kept 25 per cent of its net profit as reserve fund, 15 per cent of its share capital as share dividend, 10 per cent of the difference between the net profit and (reserve fund plus share dividend) as bad debt fund, 1 per cent of the difference between the above estimate computed and the bad debt fund as charity fund, and 10 per cent of the difference between the above estimate arrived and the charity fund as building fund. The permanent employee's gratuity fund is seen to be constant at Rs.25,000 during the entire

given period. Similarly, during 1997-98, 2000-01 and 2001-02, the emergency fund of the NCFSS is also seen to be constant at Rs.15,000.

**Table IV.1.7: Distribution of Net Profit by the NCFSS (Rs.)**

Sr. No.	Particulars	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
1	Net Profit	264937 (0.00)	539131 (103.49)	243214 (-8.20)	107960 (-59.25)	376967 (42.29)	294212 (11.05)
2	Reserve Fund (25 % of Net Profit)	66234	134783	60804	26990	94242	73553
3	Share Capital	257440	254790	251620	251620	251620	251620
4	Share Dividend (15 % of Share Capital)	38616	38219	37743	37743	37743	37743
5	A = (2 + 4)	104850	173002	98547	64733	131985	111296
6	B = Net Profit - A	160087	366129	144667	43227	244982	182916
7	Bad Debt Fund (10 % of B)	16009	36613	14467	4323	24498	18292
8	C = B - 7	144078	329516	130200	38904	220484	164624
9	Charity Fund (1 % of C)	1441	3295	1302	389	2205	1646
10	D = C - 9	142637	326221	128898	38515	218279	162978
11	Building Fund (10 % of D)	14264	32622	12890	3852	21828	16298
12	E = D - 11	128373	293599	116008	34663	196451	146680
13	F = E - 25000	103373	268599	91008	9663	171451	121680
14	G = F - 15000						
15	Permanent Employee's Gratuity Fund	25000	25000	25000	25000	25000	25000
16	Emergency Fund	-	15000	-	-	15000	15000
17	Rebate to Members Supplying Banana (H)	-	124933	79153	-	38804	69283
18	I = F - H (Amount Transferred to Reserve Fund)	103373	143666	11855	9663	32647	52397
19	Remaining Amount Transferred to Reserve Fund After Distribution	109567	134796	18718	15717	17648	37397

It is to be noted that the distribution of net profit of the NCFSS also encompassed rebate to members supplying banana and the balance amount of net profit was transferred to the reserve fund after making the entire distribution.

#### 4.1.5. Credit Position of NCFSS

The NCFSS not only extends short term loans to its members but also borrows from the District Central Cooperative Bank (DCCB). Details regarding loan advances of the NCFSS to its members, numerical strength of borrowers, amount of loan borrowed by the NCFSS from DCCB, and repayment of loan by the borrowing members and also by the NCFSS encompassing the period between 1996-97 and 2001-02 are provided in Table IV.1.8.

An analysis drawn from Table IV.1.8 reveals a declining trend not only in ST loan advances of the NCFSS during the period between 1996-97 and 2001-02 but also a decline in its borrowing members during this period. The loan advances of the NCFSS to its members has come down from Rs.17.85 lakhs in 1996-97 to Rs.9.98 lakhs in 2001-02.

**Table IV.1.8: Loan Advances and Repayment of the NCFSS**

(Amount in Lakh Rupees)

Year	Loan Advances (ST) by the Society to Members	No. of Borrowers	Loan Taken by the Society from DCCB	Repayment of Loan by the Members to the Society	Repayment of Loan by the Society to the DCCB
1996-97	17.85	180	16.58	18.75	17.53
1997-98	17.37	186	11.86	18.21	12.41
1998-99	13.68	160	16.91	14.78	19.08
1999-00	16.16	178	34.50	17.48	38.22
2000-01	7.17	126	27.47	8.68	32.19
2001-02	9.98	150	26.65	10.98	29.86

The number of borrowers of the NCFSS has also come down from 180 to 150 during this period. On the other hand, the amount of loan borrowed by the NCFSS is seen to have grown from Rs.16.58 lakhs during 1996-97 to Rs.26.65 lakhs in 2001-02. In fact, during the entire period between 1996-97 and 2001-02, while the NCFSS extended a total amount of ST loan to its members to the tune of Rs.82.21 lakhs, the amount of loan borrowed by this society from the DCCB during the same period was Rs.133.97 lakhs. During the same period, the repayment of loan by the members to the society was Rs.88.08 lakhs and by the society to the DCCB stood at Rs.149.29 lakhs. This is an indication of the fact that the repayment performance was quite impressive as the entire loan borrowed between 1996-97 and 2001-02 was repaid with interest not only by the members to the society but also by the society to the DCCB.

#### 4.1.6 Marketing Activity of NCFSS

The NCFSS has been procuring banana mainly from its members. The members have full faith on the society because of its fairly healthy marketing practices. The society not only provides remunerative procurement rates to its members but also indulges in fair weighing practices. The procurement rates are fixed by the society on the basis of weight of the produce. A bunch of banana with 16 kgs. weight is accorded 'A' grade by the society. The bunches of banana with lower weight are accorded lower grades. For instance, a 15 kgs. bunch of banana is accorded 'B' grade, 14 kgs. with 'C' grade, 13 kgs. with 'D' grade, 12 kgs. with 'E' grade, 11 kgs. with 'F' grade, 10 kgs. with 'G' grade, and below 10 kgs. is accorded with 'H' grade. The society provides Rs.6/quintal additional procurement rate to the farmers for every additional one kg weight of banana bunch above 10 kgs. weight. This is quite healthy practice as it helps the society to procure better quality produce from the farmers. It is to be noted that there is no loss of produce during weighing as the damaged or spoilt banana in the bunch is removed before weighing.

As for the marketing, the transportation of banana from the farmer's field to the society and from the society to the wholesale market is done by the private trader. The expenditure incurred in this transportation is entirely borne by the private trader. The private trader also bears the expenses incurred in loading and unloading operations. However, weighing and bunch cutting operations are done by the labour employed by the society. The expenses incurred in these operations are completely borne by the society.

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 society, the procurement prices are fixed based on the first auction of the produce taking place in Brahanpur marketing center located in Madhya Pradesh. Generally, banana procurement rates are decided in this initial auction and these rates are applied throughout Jalgaon district. However, the society gets marginally higher rates from the private traders than the rates decided in Brahanpur marketing center, chiefly because of its superior quality produce. The farmers selling produce to the society receive average rates/prices after one month based on 30 days sale proceeds of the produce by the society to the traders. 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 IV.1.9.

**Table IV.1.9: Marketing Activity of the NCFSS**

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

Sr. No.	Year	Crop: Banana					
		Quantity Marketed (in Quintals)	Average Price (Rupees./Quintals)	Maximum Price		Minimum Price	
				Month	Price	Month	Price
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

A critical evaluation of Table IV.1.9 do not reveal any discernible trend insofar as the quantity of banana marketed by the society during the period between 1990-91 and 2001-02 is concerned. Not only the quantity marketed by the society during the given period has fluctuated considerably but there is also wide fluctuation in average prices of the produce during this period. During the entire period between 1990-91 and 2001-02, the society is seen to have marketed maximum quantity of banana during 1999-2000 and lowest quantity in this respect in 1992-93. The society marketed lower quantity of banana during 2001-02 despite the fact that the price of banana was maximum during this year. On the other hand, the society marketed the highest quantity of banana during 1999-2000 despite receiving one of the lowest prices of banana during this year. Thus, during the entire period between 1990-91 and 2001-02, the prices and quantity of banana marketed by the society could not be correlated. In general, during each year, the society received maximum prices of banana in the months of April and May, whereas minimum prices in this respect were received by the society in the months of September, October, January, February and March.

The NCFSS is seen to market banana produce only through private traders. The total quantity of banana marketed by the NCFSS during 2001-02 stood at 62,627 quintals, which was valued at Rs.2,62,28,950 (Table IV.1.10). In the marketing of banana, the society was seen to incur an expenditure to the tune of Rs.2,66,930. This expenditure was mainly incurred inside the village in various packing, loading/unloading, etc. operations. Thus, the net value of sale of banana for NCFSS during 2001-02 turned out to be Rs.2,59,62,020.

**Table IV.1.10: Marketing of Produce by the NCFSS in 2001-02**

(Amount in Rs.)					
Agency	Crop	Quantity Marketed (in Quintals)	Total Value (in Rs.)	Expenditure Inside Village in Packing, loading, etc.	Net Value (in Rs.)
1. Through Co-operative Society	-	-	-	-	-
2. Through Private Trader	Banana	62627	26228950	266930	25962020
3. Through Retailer	-	-	-	-	-
4. Through Processor	-	-	-	-	-

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.

With a view to further evaluate the performance of the NCFSS with respect to the benefits extended by it to the farmers, an attempt is also made in the subsequent sections of this chapter to provide an insight into the socio-economic profile/characteristics of the sampled households drawn from the village of Nahvi with the extension to their cropping pattern, extent of income derived by them from various activities/sources, the amount of loan received by them from the society, their deposit position with the society, quantity of inputs purchased and output sold by them to the society, and also their opinion regarding strengths and weaknesses of the society.

#### **4.1.7 Socio-Economic Profile of Sampled Households of Nahvi Village (NV)**

The socio-economic profile of sampled households drawn from the village of Nahvi of Yaval taluka of Jalgaon district mainly encompassed the distribution of households among various land holding size categories and caste groups, their average operational land holding size, literacy status of their head of the households, and their membership with respect to various cooperative societies.

The distribution of sampled households among various land holding size coupled with their average size of operational land holding is shown in Table IV.1.11.

**Table IV.1.11: Distribution of Sample Households as per Operational Holding  
(Village: Nahvi; Taluka: Yaval; District: Jalgaon)**

Operational Holding Group	No. of Households	Average Operational Holding (Hectares)
Small (Upto 2 Hectares)	4	1.72 (6.88)
Medium (2-4 Hectares)	3	2.80 (8.40)
Large (Above 4 Hectares)	3	5.10 (15.30)
Total	10	3.06 (30.58)

Note: Figures in parentheses are total operational holding

As could be noticed from Table IV.1.11, the total strength of sampled households drawn from the village of Nahvi was 10. Among these selected sampled households, 4 belonged to small category, 3 were in medium category, and the remaining 3 in large category. The average size of land holding stood at 1.72 hectares for small category, 2.80 hectares for medium category, and 5.10 hectares for large category with an overall average of 3.06 hectares for the average category of households.

It can be further noticed from Table IV.1.12 that all the sampled households drawn from the village of Nahvi belonged to the caste of Leva Patedar which falls under other backward class (OBC).

**Table IV.1.12: Distribution of Sample Households as per Caste Group  
(Village: Nahvi; Taluka: Yaval; District: Jalgaon)**

Operational Holding Group	Higher Caste	Other Caste	S.C.	S.T.	Total
Small	-	4	-	-	4
Medium	-	3	-	-	3
Large	-	3	-	-	3
Total	-	10	-	-	10

In general, the educational status of small and medium categories of households was higher as compared to large category (Table IV.1.13). This is evident from the fact that out of 4 small category of sampled households 2 had attained education upto secondary level and the remaining 2 upto graduation level. Similarly, out of 3 medium category of sampled households 2 had attained education upto secondary level and the remaining 1 upto graduation level. On the other hand, all the 3 large category of sampled households attained education upto secondary level.

**Table IV.1.13: Distribution of Sample Households as per Education Status of the Head of the Household (Village: Nahvi; Taluka: Yaval; District: Jalgaon)**

Operational Holding Group	Illiterate	Primary	Secondary	Graduate	Others	Total
Small	-	-	2	2	-	4
Medium	-	-	2	1	-	3
Large	-	-	3	-	-	3
Total	-	-	7	3	-	10

A further analysis drawn from Table IV.1.14 revealed that the sampled households were members of a number of cooperative societies, which not only encompassed cooperative marketing society operating in the village but also sugar cooperative society, credit cooperative society, dairy cooperative society, and some other societies operating in and around the village of Nahvi.

**Table IV.1.14: Distribution of Sample Households as per Membership of Co-operative Society (Village: Nahvi; Taluka: Yaval; District: Jalgaon)**

Operational Holding Group	Marketing Co-operative Society	Sugar Co-operative Society	Credit Co-operative Society	Dairy Co-operative Society	Others (Spinning Mills, etc.)
Small	4	3	-	-	1
Medium	3	2	3	1	-
Large	3	1	1	1	1
Total	10	8	4	2	2

Note: Total is exceeding as the same household is member of several co-operative society

Although all the selected sampled households were members of the fruit sale cooperative marketing society, 80 per cent among them also showed their membership with sugar cooperative society, 40 per cent with credit cooperative society, 20 per cent with dairy cooperative society, and another 20 per cent with spinning mills. Thus, the sampled households were associated with not only the society dealing with the marketing of banana but also various other cooperative societies.

#### 4.1.8 Cropping Pattern of Sampled Households of NV

An analysis into area allocation under different crops provides us an indication of the significance of the crops grown under the existing agro-climatic conditions and also farmer's preference for the crop under such conditions. The information on area under different crops along with quantity and value of main and by-products for various categories of sampled households is given in Table IV.1.15.

It could be readily discerned from Table IV.1.15 that the crops that dominated the cropping pattern of sampled households were banana, hybrid *jowar*, cotton and groundnut. Some of the pulses crops like *udid*, *tur*, *moong* and gram were also seen to be cultivated by these sampled households. Among vegetable crops, brinjal was seen to be the only crop cultivated by the medium category of sampled households. Similarly, ginger was another crop cultivated only by large category of sampled farmers. However, the area under majority of pulses crops and also under brinjal as well as ginger was marginal.

Among various crops grown by the sampled households, banana yielded maximum value per hectare, followed by ginger, brinjal, groundnut, cotton, *tur*, hybrid *jowar*, *udid*, gram and *moong*. In general, the crops grown on the large category of farms showed higher value per hectare as compared to small and medium categories of farms. The large category of farmers also showed higher yield of various crops grown on their farms as compared to other categories of farmers.



**Table IV.1.15: Crop-wise Area and Production of Sample Households**

(Village: Nahvi; Taluka: Yaval; District: Jalgaon)

(Quantity in Kg; Value in Rs.; Area in Hectares)

Operational Holding Group	No. of hhs.	Cotton					Banana				
		Area Op.	Main Product		By Product Value	Total Value	Area Op.	Main Product		By Product Value	Total Value
			Qty.	Value			Qty.	Value			
Small	4	1.60	1590	25500	-	25500	3.58	160500	482000	-	482000
Per hect.			994	15938	-	15938		44832	134637	-	134637
Medium	3	0.70	675	10800	-	10800	3.25	138500	426500	-	426500
Per hect.			964	15429	-	15428		42615	131231	-	131231
Large	3	3.60	3700	59000	-	59000	4.40	201000	684000	-	684000
Per hect.			1028	16389	-	16389		45682	155455	-	155455
<b>Total</b>	<b>10</b>	<b>5.90</b>	<b>5965</b>	<b>95300</b>	<b>-</b>	<b>95300</b>	<b>11.23</b>	<b>500000</b>	<b>1592500</b>	<b>-</b>	<b>1592500</b>
Per hect.			1011	16153	-	16153		44524	141808	-	141808
			<b>Hybrid Jowar</b>				<b>Groundnut</b>				
Small	4	0.90	1500	7700	2750	10450	0.80	1400	16100	4200	20300
Per hect.			1667	8556	3056	11611		1750	20125	5250	25325
Medium	3	2.40	4400	19950	7500	27450	0.70	1350	15825	3750	19575
Per hect.			1833	8313	3125	11438		1929	22607	5357	27964
Large	3	5.80	12000	54450	20750	75200	1.40	2900	35350	7750	43100
Per hect.			2069	9388	3578	12966		2071	25250	5536	30786
<b>Total</b>	<b>10</b>	<b>9.10</b>	<b>17900</b>	<b>82100</b>	<b>31000</b>	<b>113100</b>	<b>2.90</b>	<b>5650</b>	<b>67275</b>	<b>15700</b>	<b>82975</b>
Per hect.			1967	9022	3407	12429		1948	23198	5414	28611
			<b>Udid</b>				<b>Tur</b>				
Small	4	0.10	71	1050	-	1050	0.10	72	972	245	1217
Per hect.			710	10500	-	10500		720	9720	2450	12170
Medium	3	0.40	300	4350	-	4350	0.20	155	2170	550	2720
Per hect.			750	10875	-	10875		775	10850	2750	13600
Large	3	0.80	650	9685	-	9685	0.20	152	2128	530	2658
Per hect.			813	12106	-	12106		760	10640	2650	13290
<b>Total</b>	<b>10</b>	<b>1.30</b>	<b>1021</b>	<b>15085</b>	<b>-</b>	<b>15085</b>	<b>0.50</b>	<b>379</b>	<b>5270</b>	<b>1325</b>	<b>6592</b>
Per hect.			785	11604	-	11604		758	10540	2650	13190
			<b>Moong</b>				<b>Jinger</b>				
Small	4	-	-	-	-	-	-	-	-	-	-
Per hect.											
Medium	3	-	-	-	-	-	-	-	-	-	-
Per hect.											
Large	3	0.50	300	3750	-	3750	-	-	-	-	-
Per hect.			600	7500	-	7500					
<b>Total</b>	<b>10</b>	<b>0.50</b>	<b>300</b>	<b>3750</b>	<b>-</b>	<b>3750</b>	<b>0.20</b>	<b>1500</b>	<b>12000</b>	<b>-</b>	<b>12000</b>
Per hect.			600	7500	-	7500		7500	60000	-	60000
			<b>Brinjal</b>				<b>Gram</b>				
Small	4	-	-	-	-	-	-	-	-	-	-
Per hect.											
Medium	3	1.00	15000	56250	-	56250	-	-	-	-	-
Per hect.			15000	56250	-	56250					
Large	3	-	-	-	-	-	2.70	2400	28800	11500	40300
Per hect.								889	10667	4259	14926
<b>Total</b>	<b>10</b>	<b>1.00</b>	<b>15000</b>	<b>56250</b>	<b>-</b>	<b>56250</b>	<b>2.70</b>	<b>2400</b>	<b>28800</b>	<b>11500</b>	<b>40300</b>
Per hect.			15000	56250	-	56250		889	10667	4259	14926

The yield levels for the average category of sampled households were estimated at 1,011 kgs. for cotton crop, 44,524 kgs. for banana, 1,967 kgs. for hybrid *jowar*, 1,948 kgs. for groundnut, 785 kgs. for *udid*, 758 kgs. for *tur*, 600 kgs. for *moong*, 7,500 kgs. for ginger, 15,000 kgs. for brinjal, and 889 kgs. for gram. The per hectare gross returns on the farms of an average category of sampled households were estimated at Rs.16,153 for cotton crop, Rs.1,41,809 for banana, Rs.12,429 for hybrid *jowar*, Rs.28,612 for groundnut, Rs.11,604 for *udid*, Rs.13,190 for *tur*, Rs.7,500 for *moong*, Rs.60,000 for ginger, Rs.56,250 for brinjal and Rs.10,667 for gram. These figures/estimates could be considered as symptomatic of the fact that banana, *brinjal* and ginger were the only crops that yielded higher gross returns to the sampled farmers. And, among these crops, banana was the only crop that yielded substantially high returns to the farmers.

Interestingly, though hybrid *jowar* yielded lower per hectare gross returns, majority of the sampled farmers had substantial area under this crop. Similarly, cotton crop also yielded lower per hectare gross returns when compared with the returns from banana, brinjal and ginger. Despite this, a considerable area of sampled households was seen to be under cotton crop. The major reason for this could be the variation in soil type in different plots belonging to the sampled farmers as agro-climatic conditions can not be considered as a factor responsible for this due mainly to the fact that it remains the same in a particular area. Further, since initial investment requirement in banana cultivation is quite high, it is not possible by all the farmers to grow only one crop on their farms. As a result of this, the sampled households were cultivating a wide spectrum of crops on their farms despite wide variations in returns from these crops. Domestic consumption requirement could be another reason as to why some of the farmers were cultivating crops that yielded lower returns.

#### **4.1.9. Net Income of Sampled Household of NV**

The magnitude of income generation by an enterprise reflects its economic soundness and viability. Besides, income is the ultimate indicator through which impact of any development programme can be assessed. The sampled households in this investigation drawn from the village of Nahvi were seen to derive income from various sources that not only included income from cultivation activity but also from other activities like dairying, business, service, remittances, etc. Information relating to magnitude of income derived by the sampled households from various activities/sources is furnished in Table IV.1.16.

**Table IV.1.15: Crop-wise Area and Production of Sample Households**

(Village: Nahvi; Taluka: Yaval; District: Jalgaon)

(Quantity in Kg; Value in Rs.; Area in Hectares)

Operational Holding Group	No. of hhs.	Cotton					Banana				
		Area Op.	Main Product		By Product Value	Total Value	Area Op.	Main Product		By Product Value	Total Value
			Qty.	Value				Qty.	Value		
Small	4	1.60	1590	25500	-	25500	3.58	160500	482000	-	482000
Per hect.			994	15938	-	15938		44832	134637	-	134637
Medium	3	0.70	675	10800	-	10800	3.25	138500	426500	-	426500
Per hect.			964	15429	-	15428		42615	131231	-	131231
Large	3	3.60	3700	59000	-	59000	4.40	201000	684000	-	684000
Per hect.			1028	16389	-	16389		45682	155455	-	155455
Total	10	5.90	5965	95300	-	95300	11.23	500000	1592500	-	1592500
Per hect.			1011	16153	-	16153		44524	141808	-	141808
			Hybrid Jowar				Groundnut				
Small	4	0.90	1500	7700	2750	10450	0.80	1400	16100	4200	20300
Per hect.			1667	8556	3056	11611		1750	20125	5250	25375
Medium	3	2.40	4400	19950	7500	27450	0.70	1350	15825	3750	19575
Per hect.			1833	8313	3125	11438		1929	22607	5357	27964
Large	3	5.80	12000	54450	20750	75200	1.40	2900	35350	7750	43100
Per hect.			2069	9388	3578	12966		2071	25250	5536	30785
Total	10	9.10	17900	82100	31000	113100	2.90	5650	67275	15700	82975
Per hect.			1967	9022	3407	12429		1948	23198	5414	28612
			Udid				Tur				
Small	4	0.10	71	1050	-	1050	0.10	72	972	245	1217
Per hect.			710	10500	-	10500		720	9720	2450	12170
Medium	3	0.40	300	4350	-	4350	0.20	155	2170	550	2720
Per hect.			750	10875	-	10875		775	10850	2750	13600
Large	3	0.80	650	9685	-	9685	0.20	152	2128	530	2658
Per hect.			813	12106	-	12106		760	10640	2650	13290
Total	10	1.30	1021	15085	-	15085	0.50	379	5270	1325	6595
Per hect.			785	11604	-	11604		758	10540	2650	13190
			Moong				Jinger				
Small	4	-	-	-	-	-	-	-	-	-	-
Per hect.											
Medium	3	-	-	-	-	-	-	-	-	-	-
Per hect.											
Large	3	0.50	300	3750	-	3750	-	-	-	-	-
Per hect.			600	7500	-	7500					
Total	10	0.50	300	3750	-	3750	0.20	1500	12000	-	12000
Per hect.			600	7500	-	7500		7500	60000		60000
			Brinjal				Gram				
Small	4	-	-	-	-	-	-	-	-	-	-
Per hect.											
Medium	3	1.00	15000	56250	-	56250	-	-	-	-	-
Per hect.			15000	56250	-	56250					
Large	3	-	-	-	-	-	2.70	2400	28800	11500	40300
Per hect.								889	10667	4259	14920
Total	10	1.00	15000	56250	-	56250	2.70	2400	28800	11500	40300
Per hect.			15000	56250	-	56250		889	10667	4259	14920

The yield levels for the average category of sampled households were estimated at 1,011 kgs. for cotton crop, 44,524 kgs. for banana, 1,967 kgs. for hybrid *jowar*, 1,948 kgs. for groundnut, 785 kgs. for *udid*, 758 kgs. for *tur*, 600 kgs. for *moong*, 7,500 kgs. for ginger, 15,000 kgs. for brinjal, and 889 kgs. for gram. The per hectare gross returns on the farms of an average category of sampled households were estimated at Rs.16,153 for cotton crop, Rs.1,41,809 for banana, Rs.12,429 for hybrid *jowar*, Rs.28,612 for groundnut, Rs.11,604 for *udid*, Rs.13,190 for *tur*, Rs.7,500 for *moong*, Rs.60,000 for ginger, Rs.56,250 for brinjal and Rs.10,667 for gram. These figures/estimates could be considered as symptomatic of the fact that banana, *brinjal* and ginger were the only crops that yielded higher gross returns to the sampled farmers. And, among these crops, banana was the only crop that yielded substantially high returns to the farmers.

Interestingly, though hybrid *jowar* yielded lower per hectare gross returns, majority of the sampled farmers had substantial area under this crop. Similarly, cotton crop also yielded lower per hectare gross returns when compared with the returns from banana, brinjal and ginger. Despite this, a considerable area of sampled households was seen to be under cotton crop. The major reason for this could be the variation in soil type in different plots belonging to the sampled farmers as agro-climatic conditions can not be considered as a factor responsible for this due mainly to the fact that it remains the same in a particular area. Further, since initial investment requirement in banana cultivation is quite high, it is not possible by all the farmers to grow only one crop on their farms. As a result of this, the sampled households were cultivating a wide spectrum of crops on their farms despite wide variations in returns from these crops. Domestic consumption requirement could be another reason as to why some of the farmers were cultivating crops that yielded lower returns.

#### **4.1.9. Net Income of Sampled Household of NV**

The magnitude of income generation by an enterprise reflects its economic soundness and viability. Besides, income is the ultimate indicator through which impact of any development programme can be assessed. The sampled households in this investigation drawn from the village of Nahvi were seen to derive income from various sources that not only included income from cultivation activity but also from other activities like dairying, business, service, remittances, etc. Information relating to magnitude of income derived by the sampled households from various activities/sources is furnished in Table IV.1.16.

**Table IV.1.16: Net Income of Sample Households from Various Sources**  
(Village: Nahvi; Taluka: Yaval; District: Jalgaon)

(Amount in Rs.)

Sr. No.	Sources	Small	Medium	Large	Total (Average)
1.	Cultivation	505000	365000	546000	1416000
	Per h.h.	126250	121667	182000	141600
		(85.79)	(51.41)	(75.83)	(70.14)
2.	Dairying	15000	100000	24000	139000
	Per h.h.	3750	33333	8000	13900
		(2.55)	(14.08)	(3.33)	(6.89)
3.	Agriculture Labour	18000	-	-	18000
	Per h.h.	4725			4725
		(3.21)			(3.21)
4.	Business	-	-	-	-
	Per h.h.				
5.	Service	48000	245000	150000	443000
	Per h.h.	12000	81667	50000	44300
		(8.15)	(34.51)	(20.84)	(21.94)
6.	Remittances	1775	-	-	1775
	Per h.h.	444			178
		(0.30)			(0.09)
	Total	588675	710000	720000	2018675
	Per h.h.	147169	236667	240000	201868
		(100.00)	(100.00)	(100.00)	(100.00)

Note: Figures in parentheses are percentages to the total income

It could be noted from Table IV.1.16 that cultivation was the main occupation which yielded maximum income to the sampled farmers. The average category of sampled household was seen to derive about 70 per cent of his total income from this occupation. Service was seen to be the next major source of income, accounting for 22 per cent of the total income for the average category of sampled household. Another important source of income was dairying activity, accounting for about 7 per cent of the total income for the average category of sampled farmer. The other less important sources of income were business and remittances that put together accounted for about 3 per cent of the total income for the average category of farmer. In general, various sources put together accounted for a net per household annual income to the tune of Rs.1,47,169 for the small category of households, Rs.2,36,667 for medium category, and Rs.2,40,000 for the large category of households with an overall average of Rs.2,01,868 for the average category of sampled households.

The foregoing estimates clearly show much higher per household income for the large and medium categories of farmers as compared to small category. Further, while income derived from service was the highest for the medium category, cultivation

accounted for much higher share in total income in the case of small category, followed by large and medium category. Medium category also derived higher share in total income from dairying activity. Interestingly, income derived from remittances was only in the case of small category. It is to be noted that though magnitude of income derived from various sources differed significantly among various categories of sampled farmers, the net annual income did not differ much for medium and large categories of farmers. These two categories of farmers derived around 60 per cent higher net annual income as compared to small category.

#### **4.1.10. Deposits, Loans, Purchases and Sales of Sampled Households of NV**

The sampled households drawn from the village of Nahvi were not only seen to sell their banana produce to the NCFSS but also purchased inputs from the society, besides receiving loans from the society for various ST purposes and also depositing money with the society. Details regarding amount of money deposited, extent of ST loans received by the members from the society, their input purchases from the society and output sold to the society during the period between 1996-97 and 2001-02 are furnished in Table IV.1.17.

It could be clearly seen from Table IV.1.17 that during the entire period between 1996-97 and 2001-02, it was only during 1996-97 that the sampled households had a small amount of deposit in the society. The amount deposited by the sampled households in the society declined with the increase in land holding size of the households. Contrary to observations made in the case of deposits, all the sampled households were seen to receive ST loans from the NCFSS during each year of the period between 1996-97 and 2001-02. Nonetheless, while medium category of borrowers showed about 21 per cent decline in their per household borrowings during the period between 1996-97 and 2001-02, an increase to the tune of 18 per cent in per household borrowings of the large category was also witnessed during the same period. The per household amount of loan borrowed by medium category declined from Rs.27,667 in 1996-97 to Rs.22,000 in 2001-02 in the face of an increase in amount of loan borrowed by large category from Rs.18,333 in 1996-97 to 21,667 in 2001-02. The small category of borrowers did not show any difference in their per household borrowings, which remained constant at Rs.26,500 during both 1996-97 and 2001-02. However, due to considerable decline in the borrowings of medium category, the general trend showed about 3 per cent decline in borrowings for the average category of borrowers during the given period of time.

**Table IV.1.17: Deposits, Loans, Purchases and Sales of Sample Households**  
(Village: Nahvi; Taluka: Yaval; District: Jalgaon)

(Amount in Rs.)

Sr. No.	Operational Holding Group	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
<b>1.</b>	<b>Deposits</b>						
	Small	13200	-	-	-	-	-
	% + or -	0.00					0.00
	Per h.h.	3300					
	Medium	9500	-	-	-	-	-
	% + or -	0.00					0.00
	Per h.h.	3167					
	Large	8000	-	-	-	-	-
	% + or -	0.00					0.00
	Per h.h.	2667					
	Total	30700	-	-	-	-	-
	% + or -	0.00					0.00
	Per h.h.	3070					
<b>2.</b>	<b>Loans</b>						
	Small	106000	112000	117500	103500	108000	106000
	% + or -	0.00					0.00
	Per h.h.	26500	28000	29375	25875	27000	26500
	Medium	83500	80000	84000	69000	75000	66000
	% + or -	0.00					-20.96
	Per h.h.	27667	2667	28000	23000	25000	22000
	Large	55000	56000	64000	60500	65000	65000
	% + or -	0.00					18.18
	Per h.h.	18333	18667	21333	20167	21667	21667
	Total	244500	248000	265500	233000	248000	237000
	% + or -	0.00					-3.07
	Per h.h.	24450	24800	26550	23300	24800	23700
<b>3.</b>	<b>Purchases</b>						
	Small	53000	52500	58000	58000	59500	66500
	% + or -	0.00					25.47
	Per h.h.	13250	13000	14500	14500	14875	16625
	Medium	60000	62000	64000	66000	58000	64000
	% + or -	0.00					6.67
	Per h.h.	20000	20667	21333	22000	19333	21333
	Large	40000	40500	44500	42500	44500	44000
	% + or -	0.00					10.00
	Per h.h.	13333	13500	14883	14167	14833	14667
	Total	153000	155000	166500	166500	162000	174500
	% + or -	0.00					14.05
	Per h.h.	15300	15500	16650	16650	16200	17450
<b>4.</b>	<b>Sales</b>						
	Small	600000	548000	505000	626000	547000	682000
	% + or -	0.00					13.67
	Per h.h.	150000	137000	126250	156500	136750	170500
	Medium	500000	520000	495000	485000	440000	476500
	% + or -	0.00					-4.70
	Per h.h.	166667	173333	165000	161667	146667	158833
	Large	582000	615000	700000	660000	570000	684000
	% + or -	0.00					17.53
	Per h.h.	194000	205000	233333	220000	190000	228000
	Total	1682000	1683000	1700000	1771000	1557000	1842500
	% + or -	0.00					9.54
	Per h.h.	168200	168300	170000	177100	155700	184250

Interestingly, the amount of loans borrowed by the sampled households declined with the increase in land holding size of borrowers.

As regards purchase of inputs, an increasing trend in the value of inputs purchased by the sampled households from the society was seen all through the period between 1996-97 and 2001-02. This held true for all the categories of households. The small categories of sampled farmers showed much higher increase in the value of inputs purchased by them from the society. The per household value of inputs purchased by the small category increased from Rs.13,250 in 1996-97 to Rs.16,625 in 2001-02, showing thereby about 25 per cent rise in the value of inputs purchased by them during the given period. On the other hand, the rise in per household value of inputs purchased by medium category stood at 7 per cent and that for large category, it was to the tune of 10 per cent during the same period. The per household value of input purchased by medium category increased from Rs.20,000 in 1996-97 to Rs.21,333 in 2001-02. The increase in this respect for large category was from Rs.13,333 in 1996-97 to Rs.14,667 in 2001-02. Thus, it is to be noted that medium category invariably showed higher value of inputs purchased by them from the society during the given period of time. In general, about 14 per cent rise in value of inputs purchased was seen for the average category of sampled farmers during the period between 1996-97 and 2001-02.

In the case of marketing of output, about 14 per cent rise in the value of output sold by the small category was seen in 2001-02 over that of 1996-97. Similarly, the large category showed about 18 per cent rise in the value of output sold by them to the society in 2001-02 over that of 1996-97. On the other hand, the medium category showed nearly 5 per cent decline in the value of output sold by them to the society in 2001-02 over that of 1996-97. The per household value of output sold by the small category increased from Rs.1,50,000 in 1996-97 to Rs.1,70,500 in 2001-02. Similarly, for the large category, the per household value of output sold to the society increased from Rs.1,94,000 in 1996-97 to Rs.2,28,000 in 2001-02. Contrary to this, the per household value of output sold by medium category declined from Rs.1,66,667 in 1996-97 to Rs.1,58,833 in 2001-02. Nonetheless, due to considerable rise in value of output for small and large categories, the general trend showed nearly 10 per cent rise in value of output for the average category of sampled farmers. An overall analysis drawn from Table IV.1.17 also shows an increasing trend in value of output with the increase in land holding size of sampled farmers. Thus, among various activities, the involvement of sampled farmers with the



society was seen to be more pronounced with respect to their marketing of output, followed by their borrowings from the society, and purchase of inputs from the society.

#### 4.1.11 Opinion of the Sampled Households Regarding Strength of NCFSS

At the time of survey the sampled households were requested to state the strengths of their society. Though many merits were indicated, the respondents were asked to elucidate only the most prominent ones among them. The views of sampled respondents expressed with respect to the strengths of their society have been enlisted in Table IV.1.18.

**Table IV.1.18: Distribution of Sample Households as per their Opinions Regarding Strength of the NCFSS (Village: Nahvi; Taluka: Yaval; District: Jalgaon)**

Sr. No.	Opinions	Small	Medium	Large	Total
1.	The society takes the responsibility for the payment if the farmer's produce is sold through the society.	3	1	1	5
2.	The society provides payment in advance to its members (Rs.2/plant).	2	2	1	5
3.	The society provides fertilizer to its members at reasonable rates and on time (Timely availability of fertilizer from the society at reasonable rates).	2	3	1	6
4.	The society provides finances to its members for meeting expenses towards electricity bill, labour payment, purchase of land, illness, marriage, etc.	1	-	2	3
5.	The society does not charge interest on loan advances if the amount is paid within a month.	1	-	-	1
6.	The society helps the farmer to market their produce at remunerative rates and ensures timely payment. The payment is made through proper weighing of the produce.	1	2	2	5
7.	The society provides guarantee to the former about the payment.	-	1	-	1
8.	The society extends guidance/advise to the farmer regarding appropriate time for the harvesting of produce.	-	1	-	1

The major reasons that weighed in favour of the functioning of the society 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.

#### 4.1.12 Opinion of the Sampled Households Regarding Weaknesses of NCFSS

The respondents, whose impression had been sought on the working of the NCFSS, were further probed to find out if they had witnessed any weakness with respect to the functioning of the society. Although majority of the sampled households were satisfied with the facilities extended by the society, a few among them also showed their dissatisfaction with respect to certain provisions made by the society, and these were considered as the weaknesses of the society. The responses of the sampled households with respect to weaknesses of the society are enlisted in Table IV.1.19.

**Table IV.1.19: Distribution of Sample Households as per their Opinions Regarding Weakness of the NCFSS (Village: Nahvi; Taluka: Yaval; District: Jalgaon)**

Sr. No.	Opinions	Small	Medium	Large	Total
1.	The society charges 3 % commission from the payment due to the farmer.	2	-	2	4
2.	The society charges 9-10 % annual rate of interest on loan advances after the first month, which is relatively high.	3	-	-	3
3.	The society forces the farmer to enter into an agreement with the and demands land papers (7/12) and two guarantors	1	-	-	1
4.	Since the society has inadequate funds, it is not able to export banana	-	1	-	1
5.	The society lacks storage and other related facilities	-	1	2	3
6.	Many a times cheating is indulged in by traders while weighing the produce, which is 5 % of the total quantum of the produce	-	-	1	1

It is to be noted that 40 per cent of the total sampled households were not satisfied with the 3 per cent commission charged by the society from their payment. Similarly, 30 per cent of the sampled respondents were quite unhappy with the nearly 10 per cent annual rate of interest charged by the society on loan advances to them, which they felt was quite high than the market rate. The lack of availability of storage and related facilities was another reason for their dissatisfaction as 30 per cent of the sampled respondents had aired their view in favour of this drawback of the society. A medium category of sampled respondent also showed his dissatisfaction with the society mainly because of the fact that it could not trade his banana produce in the export market.

Certainly the dissatisfaction showed by the sampled respondents weighed less than the satisfaction showed by them.

Although majority of the farmers aired their view in favour of efficient functioning of the society and that some of them also expressed their opinion with respect to various shortcoming of the society, the major factor that weighed in favour of the success of the society was its positive role in increasing supply and demand of the banana crop. Since the society was quite quality conscious, it always gave foremost priority to procure good quality produce. 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. Further, 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. In fact, 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. Thus, apart from the factors indicated by the sampled households, the above factors were equally responsible for the success of the society.

#### **4.2 Khanapur Group Fruit Sale Cooperative Society (KGFSS)**

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 done 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 avoid/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.

Ever since its inception the KGFSS has been using both tractor and truck as the means for the transportation of banana produce. The transportation of produce from the farmer's field to the metal/tar road is done by the tractor hired/employed by the society, whereas the further transportation from the tar road to the wholesale market is carried out by the private trader through truck. It is to be noted that in case the field touches the tar road, the transportation is entirely done by truck. In other words, truck is used as a means for transportation if the farmer's field is accessible to it. Initially the society bears the tractor hiring expenses incurred in the transportation of produce from the farmer's field to the main/tar road. However, these expenses are deducted from the payment due to the farmers. The society has been following this practice from its inception. Further, it is to be noted that ever since its establishment the KGFSS has been catering to the requirements of the farmers belonging to ten villages located around 15 kms. from the society, which also include the village of Khanapur (Tables IV. 2.1 and IV. 2.2).

**Table IV.2.1: Distribution of Villages as per their Distance from KGFSS**

Distance	No. of Villages	Area Covered
Upto 10 kms.	10 (100.00)	110 hectares
11 – 20 kms.	-	-
21 – 30 kms.	-	-
31 kms. & above	-	-
Total	10 (100.00)	15 kms (approx.)

**Table IV.2.2: Distribution of Villages as per their Year of Affiliation with the KGFSS**

Year	No. of Villages
1981	10 (100.00)
-	-
Total	10 (100.00)

Note: Since the inception of the society all the ten villages are associated with it

Although like NCFSS, the KGFSS also has quite ambitious objectives, this society could never live upto the expectations of the farmers, mainly because of the heavy losses incurred by the society. On closer scrutiny, the following major objectives of the society were noticed:

- (a) To provide remunerative/maximum prices/rates to the farmers for their produce.
- (b) To provide fertilizer on reasonable rates and on credit basis.
- (c) To indulge in fair weighing practices with respect to banana crop.
- (d) To extend loan advances to the farmers to meet their various requirements.

The objectives spelt out above clearly underscore the fact that the KGFSS is not only involved in the marketing of banana procured from its member farmers and providing fertilizer input to them but also in extending credit facilities to its member farmers. During the initial years, the KGFSS also extended dividend to its members. However, the members were deprived of dividend ever since the society started incurring losses.

#### 4.2.1 Business Activities of KGFSS

Like NCFSS, the KGFSS is also involved in the marketing of input, output and extension of credit facilities to its members. Details regarding its various business activities encompassing marketing of input, output and extension of credit are provided in Table IV.2.3.

**Table IV.2.3: Different Activities of Cooperative Marketing Societies: KGFSS**

Sr. No.	Activity	Year	Annual Business (Rs.)	
			Initial Year	2001-02
<b>A</b>	<b>Marketing of Input</b>			
	1. Fertilizer	1983-84	850355	433199
<b>B</b>	<b>Marketing of Output</b>			
	1. Banana	1982-83	2293627	8867844
<b>C</b>	<b>Consumer Activity</b>			
	Nil	-	-	-
<b>D</b>	<b>Services</b>			
	Nil	-	-	-
<b>E</b>	<b>Financial Activity</b>			
	1. Credit (Loan Advances to Members)	1982-83	665139	3576685

A critical evaluation of Table IV.2.3 reveals quite unsatisfactory performance of the KGFSS, particularly in respect of its marketing of input. The fertilizer input sold by the KGFSS has declined by 50 per cent in value terms in 2001-02 over that of 1983-84. Although, as against fall in the marketing of fertilizer, the value of sale of banana output of the KGFSS has grown over time, this increase may not be considered impressive as there is hardly 300 per cent rise in the sale of banana output of this society over the past two decades. Similarly, credit extended by this society to its members has grown only by 450 per cent in 2001-02 over that of 1982-83. Unlike the NCFSS, which showed 40-50 times rise in its marketing and other activities over the past 3-4 decades, this society has

shown very poor performance not only on the marketing front but also in terms of extension of credit to its members over the past two decades.

#### 4.2.2 Membership Pattern of KGFSS

A distribution of members of the KGFSS among various caste groups and occupation, and also as per their land ownership status is shown in Table IV.2.4.

It can be readily discerned from Table IV.2.4 that out of 896 total members of the KGFSS about 39 per cent belong to higher caste and 58 per cent fall under other backward class (OBC). The representation of notified tribes (NT) and scheduled tribes (ST) in total membership of the KGFSS is noticed to be only 1 per cent and 2 per cent, respectively.

**Table IV.2.4: Distribution of Members as per Caste, Major Occupation and Land Ownership Status: KGFSS**

Sr. No.	Particulars	Society Members	Board Members	Total Village Households
<b>A</b>	<b>Caste</b>			
	1. General	350 (39.06)	3 (21.43)	325 (9.44)
	2. OBC	516 (57.59)	10 (71.43)	2410 (69.98)
	3. SC	-	-	410 (11.90)
	4. NT	10 (1.12)	-	129 (3.75)
	5. ST	20 (2.23)	1 (7.14)	170 (4.93)
	<b>Total</b>	<b>896 (100.00)</b>	<b>14 (100.00)</b>	<b>3444 (100.00)</b>
<b>B.</b>	<b>Major Occupation</b>			
	1. Cultivators (only)	636 (70.98)	13 (92.86)	2066 (59.99)
	2. Agril. Labour + Agril.	120 (13.39)	-	757 (21.98)
	3. Service + Agril.	40 (4.47)	1 (7.14)	172 (4.99)
	4. Landless	100 (11.16)	-	449 (13.04)
	<b>Total</b>	<b>896 (100.00)</b>	<b>14 (100.00)</b>	<b>3444 (100.00)</b>
<b>C</b>	<b>Land Ownership Status</b>			
	1. Marginal	125 (13.95)	1 (7.14)	725 (21.05)
	2. Small	250 (27.90)	2 (14.29)	1015 (29.47)
	3. Medium	225 (25.11)	9 (64.28)	780 (22.65)
	4. Large	196 (21.88)	2 (14.29)	475 (13.79)
	5. Landless	100 (11.16)	-	449 (13.04)
	<b>Total</b>	<b>896 (100.00)</b>	<b>14 (100.00)</b>	<b>3444 (100.00)</b>

Note: Figures in parentheses are percentages to the total

A further break-up of members as per their major occupation reveals that nearly 71 per cent of these members are exclusively cultivators, around 13 per cent belong to the farming community that not only has agriculture as its main occupation but also work as agricultural labour, 5 per cent belong to the group that has service as the main occupation and agriculture as the subsidiary occupation. The representation of landless category of households in total membership of the KGFSS is seen to be around 11 percent.

Interestingly, the members of the KGFSS are noticed to be quite evenly distributed among various land holding size categories. The small category of farmers are

seen to have maximum share (28 per cent) in total membership of the KGFSS, followed by medium (25 per cent), large (22 per cent), and marginal category (14 per cent). The representation of landless category in total membership of the KGFSS is noticed to be again 11 per cent. Out of total membership of 896, 14 members are seen to have their representation in board of management of the KGFSS. Among these 14 board members, as high as 9 members belong to medium category of cultivators. The representation of small and large categories of farmers together in the board of management of the KGFSS is seen to be only 4. Similarly, only one marginal category of farmer is seen to have represented the board of management of the society. This is a clear cut reflection of dominance of medium category of farmers in the decision making process of the society.

#### **4.2.3 Progress of KGFSS**

Information on the progress of the KGFSS over the past two decades encompassing broad quantitative parameters such as its membership, share capital, reserve and other funds, profit and loss, marketing of input and output, extension of credit, etc. is provided in Table IV.2.5.

A critical evaluation of Table IV.2.5 shows phenomenal growth in the membership of the KGFSS. In fact, the numerical strength of members of KGFSS is seen to be several times than the numerical strength of members of NCFSS. The membership of the KGFSS has grown by leaps and bound from 138 in 1982-83 to as high as 896 in 2001-02, showing thereby more than six folds rise in its members over the past two decades. The major increase in membership of this society is witnessed during the nineties period as against the eighties period.

Like membership, the share capital base of the KGFSS has also grown significantly over time. In fact, there has been steady increase in share capital base of the society, which is seen to have grown from as low as Rs.13,800 in 1982-83 to Rs.70,000 in 1990-91 and further to Rs.2,02,000 in 2001-02. The major increase in share capital base of the society is witnessed during the nineties period as against the eighties period. The growth in reserve and other funds of the KGFSS is even faster than increase in its share capital base. The reserve and other funds of the society has grown from Rs.17,661 in 1982-83 to Rs.2,94,468 in 1990-91, and further to as high as Rs.8,81,918 in 2001-02, showing thereby about 50 folds rise in reserve and other funds of the society during the period between 1982-83 and 2001-02.

**Table IV.2.5: Membership, Share Capital, Reserve Fund, Credit, etc. of the KGFSS**

(Amount in Rs.)

Year	Member-ship	Share Capital	Reserve & Other Funds	Profit	Loss	Dividend (%)	Fertilizer Sale Value	Banana Sale Value	Credit (Loan Advances)
1982-83	138	13800	17661	10575	-	9	NA	2293627	665139
1983-84	229	23900	30140	16448	-	9	850355	1867636	521718
1984-85	252	40800	52178	16175	-	9	854202	1161700	454997
1985-86	283	43900	58544	27883	-	-	1204986	1885984	676874
1986-87	291	44700	105109	-	28016	-	706922	1973786	806405
1987-88	296	45300	142444	11780	-	-	1158167	2169612	969986
1988-89	307	46400	170748	54901	-	-	1217423	1915033	1112628
1989-90	361	69400	254083	19051	-	-	1799606	1671132	2209172
1990-91	373	70000	294468	60257	-	-	1295807	3957382	1231539
1991-92	380	71000	391242	134025	-	-	1904187	3312531	640203
1992-93	380	71800	501612	38209	-	-	951726	894973	1144857
1993-94	381	71800	521711	51922	-	-	1459887	1142611	1295378
1994-95	382	72000	647471	104784	-	-	1691595	1777944	1067342
1995-96	387	72500	741572	23928	-	-	1055030	2168891	1217158
1996-97	389	72700	761606	-	91725	-	2697241	2562799	1015737
1997-98	402	74000	794587	-	81195	-	2300994	2129678	1751310
1998-99	619	121500	821953	-	63069	-	2272811	4743311	4861463
1999-00	651	125600	829205	-	39088	-	3112741	9841933	9058529
2000-01	896	202000	868236	-	20953	-	2428563	16123517	3261236
2001-02	896	202000	881918	-	4517	-	433199	8867844	3576685

Although membership, share capital and reserve and other funds of the KGFSS have grown by several folds over the past two decades, the overall financial health of the society is seen to be quite depressing due mainly to the fact that despite encouraging trends shown with respect to the above parameters this society has 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 is 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. Certainly, the losses incurred by the society over the past six years has further worsened the situation.

The KGFSS has also shown significant fluctuation in its marketing of input and output. The marketing of fertilizer of the KGFSS in value terms grew from Rs.8,50,035 in 1983-84 to Rs.19,04,187 in 1992-93 with a decline in the same to Rs.9,51,726 in 1993-94. A rising trend in sale of fertilizer of the KGFSS was again noticed after 1993-94 so much so that it had grown to Rs.31,12,741 in 1999-2000. However, after 1999-2000, a falling trend was again seen to be caught up with the fertilizer sale value of the KGFSS and by 2001-02 it had declined to as low as Rs.4,33,199, which was even lower than the



figure noticed during 1983-84. The value of sale of banana of the KGFSS also declined from Rs.22,93,627 in 1982-83 to Rs.11,61,700 in 1984-85 with a sharp increase in the same to Rs.21,69,612 in 1987-88 and thereafter the marketing of banana of the KGFSS again kept falling for a couple of years with a sharp rise in the same to Rs.39,57,382 in 1990-91. After 1990-91, again falling and rising trends in marketing of banana of the KGFSS continued and in 2000-01 the value of sale of banana of this society reached all times high of Rs.1,61,23,517 with a rather sharp decline in the same to Rs.88,67,844 in the subsequent year. These trends clearly underscore the fact that the marketing of input and output of the KGFSS remained unstable over the past two decades.

As regards loan advances by the KGFSS to its members, no clear cut trend could be discerned over the past two decades. The falling and rising trends in credit extension by the KGFSS to its members continued during the entire period between 1982-83 and 2001-02. Nonetheless, mention may be made that the credit extension by the KGFSS to its members by and large increased from as low as Rs.6,65,139 in 1982-83 to as high as Rs.35,76,685 in 2001-02, which clearly showed nearly six folds rise in loan advances of this society to its members during this period.

Thus, the progress of the KGFSS over the past two decades is beset with several distorting trends. While on one hand the KGFSS showed phenomenal growth in its membership, share capital base, reserve and other funds, and also credit extension to its members, on the other hand, this society has also shown rather depressing trends in its profit profile and marketing of input and output. Unlike fall in marketing of input and output, the business turnover of the KGFSS has grown considerably over time with 2000-01 showing the maximum increase in the same (Table IV.2.6).

The total business turnover of the KGFSS has grown 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 seen to be the highest in 1999-2000 with 1983-84 as the base. But, mention may be made here that with 1983-84 as the base the gross profit of the KGFSS declined by 59 per cent in 2001-02. Similarly, with 1983-84 as the base, the marketing of input of this society declined by nearly 50 per cent in 2001-02. With the same base year, the increase in marketing of output was the highest in 2000-01. Thus, the evaluation of figures provided in Table IV.2.6 again show mixed trends insofar as the marketing of input, output, turnover and gross profit of the KGFSS are concerned.

**Table IV.2.6: Growth in Sales, Turnover and Net Profit of the KGFSS (Rs.)**

Year	Annual Sale / Business		Turnover	Gross Profit	Net Profit
	Input	Output			
1983-84	850355 (0.00)	1867636 (0.00)	3267306 (0.00)	23441 (0.00)	16448 (0.00)
1985-86	1204986 (41.70)	1885984 (0.98)	3799702 (16.29)	29639 (26.44)	27883 (69.52)
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)	-
1997-98	2300994 (170.59)	2129678 (14.03)	6384423 (95.40)	85542 (264.92)	-
1998-99	2272811 (167.28)	4743311 (153.97)	12334742 (277.52)	84505 (260.50)	-
1999-2000	3112741 (266.05)	9841933 (426.97)	22835459 (598.91)	126528 (439.77)	-
2000-01	2428563 (185.59)	16123517 (763.31)	23278074 (612.45)	68382 (191.72)	-
2001-02	433199 (-49.06)	8867844 (374.82)	13168772 (303.05)	9680 (-58.70)	-

**4.2.4 Distribution of Net Profit of KGFSS**

The KGFSS is not seen to distribute its net profit among various funds and activities as it has been incurring losses over the past six years (Table IV.2.7). The distribution of net profit of this society has, therefore, not been indicated in this case study.

**Table IV.2.7: Distribution of Net Profit by the KGFSS (Rs.)**

Sr. No.	Particulars	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
<b>NO DISTRIBUTION OF NET PROFIT: LOSS MAKING SOCIETY</b>							

**4.2.5 Credit Position of KGFSS**

Table IV.2.8 provides an insight into the borrowing and repayment position of the KGFSS and its members during the period between 1996-97 and 2001-02. The parameters undertaken to evaluate the credit position of the KGFSS over time mainly encompass the amount of loan extended by the society to its members, number of borrowing members, amount of loan borrowed by the society from the DCCB, repayment of loan by the members to the society, and also by the society to the DCCB.

**Table IV.2.8: Loan Advances and Repayment of the KGFSS**

(Amount in Lakh Rupees)

Year	Loan Advances by the Society to Members	No. of Borrowers	Loan Taken by the Society from DCCB	Repayment of Loan by the Members to the Society	Repayment of Loan by the Society to the DCCB
1996-97	10.16	90	84.89	11.27	92.34
1997-98	17.51	104	16.08	14.09	7.41
1998-99	48.61	183	51.61	32.54	17.53
1999-00	90.59	185	104.66	71.55	55.24
2000-01	32.61	110	13.21	52.56	63.89
2001-02	35.77	87	0.10	33.35	10.18

A critical evaluation of Table IV.2.8 reveals a steady increase in numerical strength of borrowers and the amount of loan borrowed by them from the KGFSS during the period between 1996-97 and 1999-2000 with a rather sharp decline in the same thereafter. The per member borrowings of the KGFSS has also grown during the period between 1996-97 and 1999-2000 with a fall in the same thereafter. The per member borrowings of the KGFSS grew from Rs.11,286 in 1996-97 to Rs.48,965 in 1999-2000 with a decline in the same to Rs.41,111 in 2001-02. On the other hand, the amount of loan borrowed by the KGFSS from the DCCB increased from Rs.16.08 lakhs in 1997-98 to as high as Rs.104.66 lakhs in 1999-2000 with a rather more sharp decline in the same to Rs.0.10 lakh in 2001-02. In fact, during the entire period between 1996-97 and 2001-02, an amount to the tune of Rs.235.25 lakhs was extended by the KGFSS to its members as loan. This loan was not seen to be entirely repaid during the given period as the total amount repaid by the members to the KGFSS stood at Rs.215.36 lakhs. Similarly, out of the total amount of Rs.270.55 lakhs borrowed by the KGFSS during the given period, Rs.246.59 lakhs was repaid by the society to the DCCB. Thus, a deficit to the tune of Rs.20-25 lakhs is noticed between borrowings and repayment of the KGFSS and its members. This is an indication of the fact that both the society and its members defaulted during the given period insofar as repayment of loan is concerned.

#### 4.2.6 Marketing Activity of KGFSS

Ever since its inception the KGFSS has been selling banana crop in the wholesale market through private traders. The society does not store the produce and immediately diverts it in the market. The sale proceeds of the crop generally takes place at the farmer's field. The rates/prices of the banana produce procured from the farmers by the society are fixed in accordance with the day to day prevailing rates in the wholesale market. In other words, fixation of rates is governed by the wholesale market rates. In

order to fix prices, grading of banana is done on the basis of weight of the banana bunch. The society pays Rs.20-22 per quintal additional procurement rate to the farmers for every additional one kg. weight of banana bunch above 10 kgs. weight. The society charges Rs.4/- per quintal as commission from the payment due to the farmer, and also Rs.8/- per quintal as commission from the trader involved in the marketing of produce. Thus, the total commission charged by the society from farmers and traders put together stands at Rs.12/- per quintal. Generally, the society does not sale the crop to the same agency or through the same trader and always looks for the trader who pays competitive rates for the produce. The packing of the produce is done through banana leaves and there is no expenditure incurred in it. There is no loss of the produce during weighing as the damaged banana is removed from the bunch before weighing.

Details regarding quantity of banana crop marketed by the society, average market prices of the crop, maximum and minimum prices prevailing during different months encompassing the period between 1990-91 and 2001-02 are brought out in Table IV.2.9.

**Table IV.2.9: Marketing Activity of the KGFSS**

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

Sr. No.	Year	Crop: Banana					
		Quantity Marketed (in Quintals)	Average Price (Rupees./Quintals)	Maximum Price		Minimum Price	
				Month	Price	Month	Price
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

Note: The maximum and minimum market prices of banana for this society were same as in the case of Nahvi Co-operative Fruit Sale Society due mainly to the fact that these prices were seen to prevail throughout Jalgaon district during the above mentioned period, i.e. the minimum and maximum market prices for banana were constant.

A critical examination of Table IV.2.9 reveals sharp fluctuations in quantity of banana marketed by the KGFSS during the period between 1990-91 and 2001-02. During the entire given period, the maximum quantity of banana marketed by the KGFSS is seen during 2000-2001 and minimum quantity in this respect turned out to be during 1992-93. In fact, the quantity of banana marketed by the society varied between 4,471 quintals in

1992-93 and 64,716 quintals in 2000-01. The per quintal average price for the banana crop marketed by the society varied between Rs.83.55 in 1990-91 and Rs.317.99 in 2001-02. As regards maximum and minimum prices, the structure remained by and large the same as noticed in the case of NCFSS, i.e. the society received maximum prices for banana crop in the months of April and May, whereas September, October, January, February and March were the months when the society received minimum prices.

The private trader is 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 (Table IV.2.10). 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.

**Table IV.2.10: Marketing of Produce by the KGFSS in 2001-02**

(Amount in Rs.)					
Agency	Crop	Quantity Marketed (in Quintals)	Total Value (in Rs.)	Expenditure Inside Village in Packing, loading, etc.	Net Value (in Rs.)
1. Through Co-operative Society	-	-	-	-	-
2. Through Private Trader	Banana	27735	8819453	53838 (loading only)	8765615
3. Through Retailer	-	-	-	-	-
4. Through Processor	-	-	-	-	-

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.

Having discussed in brief the functioning of the KGFSS and its performance over time on various fronts, let us now provide an insight into the socio-economic characteristics of the sampled households drawn from the village of Khanapur, and also examine their cropping pattern, extent of income derived by them from various activities, the amount of loans received by them from the society, their deposit position with the society, quantity of inputs purchased and output sold by them to the society, and also their opinion regarding strengths and weaknesses of the society. These information will be useful in evaluating the impact of the KGFSS on the farmers.

#### 4.2.7 Socio-Economic Profile of Sampled Households of Khanapur Village (KV)

The socio-economic profile of the sampled households broadly encompassed the distribution of households among various land holding size categories and caste groups, their average size of land holding, literacy status of their head of the households, and their membership with respect to various cooperative societies.

The distribution of sampled households among various land holding size categories coupled with their average size of operational land holding is shown in Table IV.2.11.

**Table IV.2.11: Distribution of Sample Households as per Operational Holding (Village: Khanapur; Taluka: Raver; District: Jalgaon)**

Operational Holding Group	No. of Households	Average Operational Holding (Hectares)
Small (Upto 2 Hectares)	4	1.29 (5.16)
Medium (2-4 Hectares)	3	3.20 (9.60)
Large (Above 4 Hectares)	3	5.63 (16.90)
Total	10	3.17 (31.66)

Note: Figures in parentheses are total operational holding

The total strength of sampled households selected from the village of Khanapur was 10. Among them, 4 belonged to small category, 3 were in medium category and another 3 in large category. The average size of land holding turned out to be 1.29 hectares for small category, 3.20 hectares for medium category, and 5.63 hectares for large category with an overall average of 3.17 hectares for the average category of households. Thus, the average size of land holding stood at marginally higher for the sampled households drawn from the village of Khanapur as compared to the sampled households drawn from the village of Nahvi. It is to be further noted that out of 10 sampled households drawn from the village of Khanapur, nine belonged to OBC and one to the higher caste (Table IV.2.12).

**Table IV.2.12: Distribution of Sample Households as per Caste Group (Village: Khanapur; Taluka: Raver; District: Jalgaon)**

Operational Holding Group	Higher Caste	Other Caste	S.C.	S.T.	Total
Small	-	4	-	-	4
Medium	1	2	-	-	3
Large	-	3	-	-	3
Total	1	9	-	-	10

As for the educational status, ninety percent of the total sampled households were seen to attain education upto secondary level (Table IV.2.13). In general, the educational status of medium and large category of farmers was higher as compared to small category

since one of the small category of sampled households was educated only upto primary level. This is an indication of the fact that these sampled households were less educated than the sampled households selected from the village of Nahvi.

**Table IV.2.13: Distribution of Sample Households as per Education Status of the Head of the Household (Village: Khanapur; Taluka: Raver; District: Jalgaon)**

Operational Holding Group	Illiterate	Primary	Secondary	Graduate	Others	Total
Small	-	1	3	-	-	4
Medium	-	-	3	-	-	3
Large	-	-	3	-	-	3
Total	-	1	9	-	-	10

It could be further noted that all the sampled households were members of the cooperative marketing society, i.e. KGFSS. Ninety per cent among them were also members of credit cooperative society operating in the village (Table IV.2.14). Two sampled households were also seen to be members of sugar cooperative society. An isolated case of small category was noticed to have membership with urban cooperative bank.

**Table IV.2.14: Distribution of Sample Households as per Membership of Co-operative Society (Village: Khanapur; Taluka: Raver; District: Jalgaon)**

Operational Holding Group	Marketing Co-operative Society	Sugar Co-operative Society	Credit Co-operative Society	Dairy Co-operative Society	Others (Urban Co-op. Bank)
Small	4	-	3	-	1
Medium	3	1	3	-	-
Large	3	1	3	-	-
Total	10	2	9	-	1

Note: Total is exceeding as the same household is member of several co-operative society

It is interesting to note that despite a dairy cooperative society operating in the village none of the sampled farmers had membership with this society. However, mentioned may be made that the sampled households showed association with multiple cooperative societies operating in and around the village.

#### 4.1.8 Cropping Pattern of Sampled Households of KV

Information on area allocation under different crops coupled with quantity and value of main and by-products for different categories of sampled households is provided in Table IV.2.15.

A critical examination of Table IV.2.15 do not reveal any significant change in cropping pattern among the sampled households drawn from Khanapur and Nahvi villages. Lack of changes in agro-climatic conditions could be one of the reasons for this kind of trend.

**Table IV.2.15: Crop-wise Area and Production of Sample Households**  
**(Village: Khanapur; Taluka: Raver; District: Jalgaon)**  
(Quantity in Kg; Value in Rs.; Area in Hectares)

Operational Holding Group	No. of hhs.	Cotton					Banana				
		Area Op.	Main Product		By Product Value	Total Value	Area Op.	Main Product		By Product Value	Total Value
			Qty.	Value				Qty.	Value		
Small	4	2.50	2250	33705	-	33705	1.68	61700	188185	-	188185
Per hect.			900	13482	-	13482		36726	112015	-	112015
Medium	3	2.00	1675	25343	-	25343	3.60	148500	467775	-	467775
Per hect.			838	12672	-	12672		41250	129938	-	129938
Large	3	4.80	4120	61423	-	61423	4.10	161000	499200	-	499200
Per hect.			858	12796	-	12796		39268	121756	-	121756
<b>Total</b>	<b>10</b>	<b>9.30</b>	<b>8045</b>	<b>120471</b>	<b>-</b>	<b>120471</b>	<b>9.38</b>	<b>371200</b>	<b>1155160</b>	<b>-</b>	<b>1155160</b>
Per hect.			865	12954	-	12954		39574	123151	-	123151
			Hybrid Jowar				Groundnut				
Small	4	0.88	1715	7890	2575	10465	-	-	-	-	-
Per hect.			1949	8966	2926	11892					
Medium	3	3.30	6120	28152	8950	37102	0.20	285	3275	850	4125
Per hect.			1855	8531	2712	11243		1425	16375	4250	20625
Large	3	4.50	9550	47930	15310	63240	0.80	1525	18200	4620	22820
Per hect.			2122	10651	3402	14053		1906	22750	5775	28525
<b>Total</b>	<b>10</b>	<b>8.68</b>	<b>17385</b>	<b>83972</b>	<b>26835</b>	<b>110807</b>	<b>1.00</b>	<b>1810</b>	<b>21475</b>	<b>5470</b>	<b>26945</b>
Per hect.			2003	9674	3092	12766		1810	21475	5470	26945
			Udid				Tur				
Small	4	-	-	-	-	-	-	-	-	-	-
Per hect.											
Medium	3	0.10	76	1140	-	1140	0.10	67	840	260	1100
Per hect.			760	11400	-	11400		670	8400	2600	11000
Large	3	0.60	510	7750	-	7750	0.40	285	3660	1150	4810
Per hect.			850	12917	-	12917		713	9150	2875	12025
<b>Total</b>	<b>10</b>	<b>0.70</b>	<b>586</b>	<b>8890</b>	<b>-</b>	<b>8890</b>	<b>0.50</b>	<b>352</b>	<b>4500</b>	<b>1410</b>	<b>5910</b>
Per hect.			837	12700	-	12700		704	9000	2820	11820
			Moong				Wheat				
Small	4	-	-	-	-	-	0.88	1850	10200	2450	12650
Per hect.								2102	11591	2784	14375
Medium	3	-	-	-	-	-	0.80	1775	9800	2600	12400
Per hect.								2219	12250	3250	15500
Large	3	0.40	275	3575	-	3575	0.80	1780	9700	2500	12200
Per hect.			688	8938	-	8938		2225	12125	3125	15250
<b>Total</b>	<b>10</b>	<b>0.40</b>	<b>275</b>	<b>3575</b>	<b>-</b>	<b>3575</b>	<b>2.48</b>	<b>5405</b>	<b>29700</b>	<b>7550</b>	<b>37250</b>
Per hect.			688	8938	-	8938		2179	11976	3044	15020
			Gram				Sugarcane				
Small	4	-	-	-	-	-	-	-	-	-	-
Per hect.											
Medium	3	0.40	300	3750	1550	5300	0.40	33500	27850	9250	37100
Per hect.			750	9375	3875	13250		83750	69625	23125	92750
Large	3	0.20	175	2188	850	3038	-	-	-	-	-
Per hect.			875	10940	4250	15190					
<b>Total</b>	<b>10</b>	<b>0.60</b>	<b>475</b>	<b>5938</b>	<b>2400</b>	<b>8338</b>	<b>0.40</b>	<b>33500</b>	<b>27850</b>	<b>9250</b>	<b>37100</b>
Per hect.			792	9897	4000	13897		83750	69625	23125	92750



In general, cotton, banana and hybrid *jowar* were noticed to be the only major crops dominating the cropping pattern of the sampled farmers drawn from the village of Khanapur. These three crops put together accounted for 90 per cent of the total cultivable area of the sampled farmers. The other crops cultivated by the sampled farmers were groundnut, *udid*, *tur*, *moong*, wheat, gram and sugarcane. The area allocation under all these crops put together was only 10 per cent of the total cultivable area of the sampled farmers.

Among various crops cultivated by the sampled households, banana yielded the highest return per hectare, followed by sugarcane, groundnut, wheat, gram, cotton, hybrid *jowar*, *udid*, *tur*, and *moong*. Interestingly, while the crops such as hybrid *jowar*, groundnut, *udid*, *tur*, wheat, and gram grown on the farms of large category of farmers showed higher productivity as compared to other categories, the productivity level was higher for medium category in the case of banana crop and for small category insofar as the cotton crop was concerned. A similar kind of trend was also noticed with regard to the returns from these crops grown on various categories of sampled farms. In other words, the returns were seen to fall in line with the productivity of crops, i.e., the farms showing higher productivity also yielded higher returns.

Notably, majority of the crops grown on the sampled farms of the village of Khanapur showed lower yields as compared to the sampled farms of the Nahvi village. The yield levels on the farms of an average category of farmer drawn from Khanapur village were estimated at 865 kgs. for cotton crop, 39,574 kgs. for banana, 2,003 kgs for hybrid *jowar*, 1,810 kgs. for groundnut, 837 kgs. for *udid*, 704 kgs. for *tur*, 688 kgs. for *moong*, 2,179 kgs. for wheat, 792 kgs. for gram, and 83,750 kgs. for sugarcane. These figures clearly show that except for hybrid *jowar*, *udid* and *moong* all other crops showed lower yields in the village of Khanapur as compared to the village of Nahvi. The per hectare gross returns on the farms of an average category of farmer/household drawn from the village of Khanapur were estimated at Rs.12,954 for cotton crop, Rs.1,23,151 for banana, Rs.12,766 for hybrid *jowar*, Rs.26,945 for groundnut, Rs.12,700 for *udid*, Rs.11,820 for *tur*, Rs.8,938 for *moong*, Rs.15,020 for wheat, Rs.13,897 for gram, and Rs.92,750 for sugarcane. These figures again show lower returns per hectare on the farms of an average category of farmer drawn from the village of Khanapur as compared to the village of Nahvi. However, among various crops, banana and sugarcane showed invariably higher returns as compared to other crops.

Like the village of Nahvi, majority of the sampled farmers of Khanapur village were seen to cultivate cotton, hybrid jowar, groundnut and many other pulses and cereal crops in spite of the fact that returns from banana and sugarcane crops were much higher than these crops. The major reason for this could again be the suitability of these crops to a particular soil type and the financial position of the farmers. In fact, banana and sugarcane crops attract considerable investment of the farmer at the time of sowing operation. Due to considerable investment in the cultivation of banana crop, the farmers might have switched over to other crops in spite of significant higher returns from banana crop. Further, it is to be noted that since the area allocation under pulses and cereal crops is marginal, the farmers might be cultivating these crops for their own domestic consumption requirements.

#### 4.2.9 Net Income of Sampled Households of KV

The sampled households drawn from the village of Khanapur were noticed to derive income not only from cultivation activity but also from dairying, business and agriculture labour activity. Table IV.2.16 provides an insight into the magnitude of income derived by these sampled household from various activities.

**Table IV.2.16: Net Income of Sample Households from Various Sources**  
(Village: Khanapur; Taluka: Raver; District: Jalgaon)

(Amount in Rs.)

Sr. No.	Sources	Small	Medium	Large	Total (Average)
1.	Cultivation	385000	405000	543500	1333500
	Per h.h.	96250	135000	181167	133350
		(79.22)	(73.77)	(87.80)	(80.62)
2.	Dairying	28500	24000	75500	128000
	Per h.h.	7125	8000	25167	12800
		(5.86)	(4.37)	(12.20)	(7.74)
3.	Agriculture Labour	7500	-	-	7500
	Per h.h.	1875			750
		(1.54)			(0.45)
4.	Business	65000	120000	-	185000
	Per h.h.	16250	40000		18500
		(13.38)	(21.86)		(11.19)
5.	Service	-	-	-	-
	Per h.h.				
6.	Remittances	-	-	-	-
	Per h.h.				
	Total	486000	549000	619000	1654000
	Per h.h.	121500	183000	206333	165400
		(100.00)	(100.00)	(100.00)	(100.00)

Note: Figures in parentheses are percentages to the total income

Among various activities, cultivation was noticed to be the only major activity that yielded maximum income to the sampled farmer. The average category of sampled farmer was seen to derive about 80 per cent of his total income from this activity. Business was noticed to be the next important activity, accounting for 11 per cent of the total income of the average category of farmer. The average category of sampled farmer also derived nearly 8 per cent of his total income from dairying activity. The share of agriculture labour activity in total income of the average category of farmer was seen to be marginal. In general, various sources put together accounted for a net per household annual income to the tune of Rs.1,21,500 for the small category of households, Rs.1,83,000 for medium category, and Rs.2,06,333 for the large category of households with an overall average of Rs.1,65,400 for the average category of sampled households.

The foregoing observations clearly show an increase in net per household annual income with the increase in land holding size of sampled households. Nonetheless, mention may be made here that these sampled households derived much lower income as compared to the sampled households drawn from the village of Nahvi. In general, the large category of sampled households of Khanapur village derived 70 per cent higher net annual income as compared to small category, and 13 per cent higher net annual income when compared with medium category.

#### **4.2.10 Deposits, Loans, Purchases and Sales of Sampled Households of KV**

The sampled farmer's involvement with the KGFSS was seen to be mainly in terms of their borrowings, input purchases, output sale and to some extent deposit with the society. A detailed information with respect to the amount of money deposited by the sampled households, their extent of borrowings from the society, input purchases and output sale to the society encompassing the period between 1996-97 and 2001-02 is brought out in Table IV.2.17.

It could be noted from Table IV.2.17 that it was only during 1996-97 that an amount to the tune of Rs.5,000 per household was deposited in the society by the large category of sampled household. And, thereafter, none of the sampled households had any deposit in the society. On the other end of the spectrum, all the sampled households were seen to receive loans from the KGFSS during the entire period between 1996-97 and 2001-02. The amount of loan borrowed by these sampled households increased not only steadily over time but also with the increase in their land holding size.

**Table IV.2.17: Deposits, Loans, Purchases and Sales of Sample Households**  
(Village: Khanapur; Taluka: Raver; District: Jalgaon)

(Amount in Rs.)

Sr. No.	Operational Holding Group	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
<b>1.</b>	<b>Deposits</b>						
	Small	-	-	-	-	-	-
	% + or -						
	Per h.h.						
	Medium	-	-	-	-	-	-
	% + or -						
	Per h.h.						
	Large	15000	-	-	-	-	-
	% + or -	(0.00)					0.00
	Per h.h.	5000					
	Total	15000	-	-	-	-	-
	% + or -	(0.00)					0.00
	Per h.h.	1500					
<b>2.</b>	<b>Loans</b>						
	Small	34000	33000	36000	39000	42000	44000
	% + or -	(0.00)					(29.41)
	Per h.h.	8500	8250	9000	9750	10500	11000
	Medium	27000	30000	32000	33000	35000	36000
	% + or -	(0.00)					(33.33)
	Per h.h.	9000	10000	10667	11000	11667	12000
	Large	30000	32000	37000	41000	45000	50000
	% + or -	(0.00)					(66.67)
	Per h.h.	10000	10667	12333	13667	15000	16667
	Total	91000	95000	105000	113000	122000	130000
	% + or -	(0.00)					(42.86)
	Per h.h.	9100	9500	10500	11300	12200	13000
<b>3.</b>	<b>Purchases</b>						
	Small	29500	28500	36000	41000	33000	35000
	% + or -	(0.00)					(18.64)
	Per h.h.	7375	7125	9000	10250	8250	8750
	Medium	35000	37000	40000	42000	46000	50000
	% + or -	(0.00)					(42.86)
	Per h.h.	11667	12333	13333	14000	15333	16667
	Large	42000	47000	53000	56000	49000	55000
	% + or -	(0.00)					(30.95)
	Per h.h.	14000	15667	17667	18667	16333	18333
	Total	106500	112500	129000	139000	128000	140000
	% + or -	(0.00)					(31.46)
	Per h.h.	10650	11250	12900	13900	12800	14000
<b>4.</b>	<b>Sales</b>						
	Small	516000	501000	507000	543000	489000	555300
	% + or -	(0.00)					(7.62)
	Per h.h.	129000	125250	126750	135750	122250	138825
	Medium	435000	428000	507000	472000	455000	439200
	% + or -	(0.00)					(0.97)
	Per h.h.	145000	142667	169000	157333	151667	146400
	Large	465200	498500	537000	525500	495600	502650
	% + or -	(0.00)					(8.05)
	Per h.h.	155067	166167	179000	175167	165200	167550
	Total	1416200	1427500	1551000	1540500	1439600	1497150
	% + or -	(0.00)					(5.72)
	Per h.h.	141620	142750	155100	154050	143960	149715

The per household amount of loan borrowed varied from Rs.8,500 in 1996-97 to Rs.11,000 in 2001-02 for small category, Rs.9,000 in 1996-97 to Rs.12,000 in 2001-02 for medium category, and from Rs.10,000 in 1996-97 to Rs.16,667 in 2001-02 for large category. The average category of household showed an increase in his borrowings from Rs.9,100 in 1996-97 to Rs.13,000 in 2001-02. This is an indication of the fact that the increases in borrowings in 2001-02 over that of 1996-97 were of the order of 30 per cent in the case of small category, 33 per cent for medium category, and 67 per cent for large category. The average category of household showed 43 per cent rise in his borrowings from the society in 2001-02 over that of 1996-97. Thus, large category of borrowers showed higher increase in his borrowings from the society during the given period.

The sampled households also showed a steady increase in their input purchases from the society during the entire period between 1996-97 and 2001-02. The value of input purchased from the society also increased with the increase in land holding size of the sampled households. The per household value of input purchased from the society increased from Rs.7,375 in 1996-97 to Rs.8,750 in 2001-02 in the case of small category, Rs.11,667 in 1996-97 to Rs.16,667 in 2001-02 for medium category, Rs.14,000 in 1996-97 to Rs.18,333 in 2001-02 for the large category with an overall average of Rs.10,650 in 1996-97 to Rs.14,000 in 2001-02 for the average category of farmer. Thus, the overall increase in the value of input purchased from the society during the period between 1996-97 and 2001-02 was 19 per cent for small category, 43 per cent for medium category, and 31 per cent for the large category with an overall average of 32 per cent rise in the value of input purchased from the society by the average category of farmer during the given period of time. This is an indication of the fact that medium category of households showed higher increase in their input purchases from the society. Nonetheless, mention may be made that the value of input purchased by the large category was higher as compared to other categories of farmers.

In fact, among various activities, the major involvement of the sampled households with the society was noticed in the marketing of their output. An increasing trend was again noticed in the value of sale of output with the increase in land holding size of the households. Not only this, the value of sale of output of these sampled households kept increasing steadily during the entire period between 1996-97 and 2001-02. The per household value of output, i.e., banana increased from Rs.1,29,000 in 1996-97 to Rs.1,38,825 in 2001-02 for small category, Rs.1,45,000 in 1996-97 to Rs.1,46,400

in 2001-02 for medium category, and from Rs.1,55,067 in 1996-97 to Rs.1,67,550 in 2001-02 for the large category with an overall average increase in this value from Rs.1,41,620 in 1996-97 to Rs.1,49,715 in 2001-02 for the average category of household. These observations are symptomatic of the fact that medium category of households showed negligible increase in their value of sale of output to the society during the given period. On the other hand, small and large categories of households showed about 8 per cent rise in the value of output sold by them to the society during the period between 1996-97 and 2001-02. In fact, during 1996-97, the output sale value of large category was 7 per cent higher than medium category and 20 per cent higher than the small category. On the other hand, during 2001-02, the output sale value of large category was 21 per cent higher than small category and 15 per cent higher than medium category. These observations again bring us closer to the fact that the large category of households showed invariably higher value of sale of output to the society as compared to medium and small categories. Thus, the foregoing observations clearly show that it is only the marketing of output that the sampled households have their major involvement with the society.

#### 4.2.11 Opinion of the Sampled Households Regarding Strength of KGFSS

Although the KGFSS showed unsatisfactory performance and its financial health deteriorated in more recent times, a section of sampled respondents selected from the village of Khanapur aired their views in favour of some positive features of their society. The positive views expressed by these sampled households in this regard are enlisted in Table IV.2.18.

**Table IV.2.18: Distribution of Sample Households as per their Opinions Regarding Strength of the KGFSS (Village: Khanapur; Taluka: Raver; District: Jalgaon)**

Sr. No.	Opinions	Small	Medium	Large	Total
1.	Surety of timely payment if the produce (banana) is marketed through the society.	2	1	1	4
2.	The farmers get the payment in advance (Rs.2/plant).	3	2	1	6
3.	Reasonable rates and timely availability of fertilizer from the society.	2	2	1	5
4.	The society provides finances to its members for meeting expenses towards electricity bill, labour payment, purchase of land, illness, marriage, etc.	-	1	1	4
5.	The society does not cheat the farmers w.r.t. weight and helps the farmers to market their produce at reasonable rates and ensures timely payment.	1	1	-	2
6.	The society provides guidance to the farmers w.r.t. timely harvesting of produce.	1		1	2

A significant section of the sampled respondents aired their view in favour of society's fair trade practices that not only encompassed surety and timely payment for the farmers' produce and extension of credit facilities to them for meeting their expenses relating to electricity bill, labour payment, purchase of land, illness, marriage, etc. but also its fair weighing practices, reasonable rates and timely delivery of inputs to them. Extension of guidance to the farmer regarding appropriate time for the harvesting of produce and provision of advance payment (Rs.2/plant) were some other reasons that weighed in favour of this society.

#### 4.2.12 Opinion of the Sampled Households Regarding Weaknesses of KGFSS

Majority of the sampled respondents were not seen to be satisfied with the performance of the KGFSS and they had cited a number of reasons for the failure of their society. The responses of the sampled households with respect to the weaknesses of their society are enlisted in Table IV.2.19.

**Table IV.2.19: Distribution of Sample Households as per their Opinions Regarding Weakness of the KGFSS (Village: Khanapur; Taluka: Raver; District: Jalgaon)**

Sr. No.	Opinions	Small	Medium	Large	Total
1.	The society charges 3 % commission from the payment due to the farmers.	3	1	2	6
2.	The society does not have storage facilities	3	1	1	5
3.	The society indulges in malpractice in terms of weighing of produce. About 5 % of the total weight of the produce is cornered by the society through improper weighing.	3	2	1	6
4.	The society does not provide all types of fertilizers and chemicals/insecticides and pesticides.	-	1	1	2
5.	The advance payment extended by the society is too low as compared to the expenses incurred by the farmers towards cultivation of the crop.	3	1	1	5
6.	The society does not make timely payment to the farmers.	2	2	1	5
7.	Non availability of fertilizer from the society on many occasions.	1	1	1	3
8.	The society does not make an effort to recover loan advances due from the farmers.	-	-	1	1
9.	The society has become defaulter due to non-payment of loans to the DCCB and also payment due to the farmers.	-	1	1	2

The major reasons, as aired by the sampled respondent, that weighed against the functioning of the society mainly revolved around: (a) unfair weighing practices indulged in by the society, i.e., quoting about 5 per cent lower than the actual weight of the produce, (b) lack of availability of storage and other related facilities, (c) deduction of 3

per cent commission from the payment due to the farmer, (d) insufficient/inadequate advance payment extended by the society as compared to the cultivation expenses incurred by the farmers, (e) delay in payment to the farmers, (f) lack of availability of fertilizer input on many occasions, and (g) non payment of loan by the society to the DCCB and also non payment of dues to the farmers. These were some of the reasons cited by the sampled respondents that weighed against the functioning of the KGFSS.

#### **4.2.13 Major Reasons for the Failure of KGFSS**

Although the sampled respondents aired their own views in favour and against the KGFSS, there were some other major reasons that were mainly instrumental/responsible for the failure of the society. On closer scrutiny, the following reasons were discerned that weighed against the functioning of the KGFSS:

1. One of the reasons for 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.
2. Disproportionate allocation of loans to some members is also 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. At times, they even avoided selling their banana crop to the society, despite being board members of the society.
3. Another reason could be associated with the interference of private groups which operate 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 this group. However, mention may be made that on several



occasions this group failed to make payment to the society. As a result, 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 to the society.

4. Excessively high rate of interest on loan advances could be the other reason for poor recovery performance. It is to be noted that while KGFSS receives loans from the DCCB at 20 per cent annual rate of interest, it extends loans to its members at 22 per cent annual rate of interest. Both these rates of interest appear to be quite high as compared to the market rate. Because of substantially high rate of interest involved on loan advances, the farmers members as well as the society itself became defaulters on several occasions. This obviously had affected the financial position of the society.
5. Notably, the farmers members receive loans not only from the KGFSS but also from the Primary Agricultural Cooperative Society (PACS). The KGFSS, on the other hand, borrows from the DCCB. The amount of loan released by the DCCB to the society always stands lower than the sanctioned amount due mainly to the fact that the DCCB first deducts the loan amount that is 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 reduces to the extent that their members received loans from PACS. The DCCB leaves it to the KGFSS to recover this amount of loan from the payment due to their farmer members. However, when the farmer members of the KGFSS become hostile and stop diverting/selling their produce to the society, it becomes difficult for the society to recover this loan. This in turn affects the financial position of the society.
6. One of the major reasons as to why the farmers are diverting their banana crop to the private groups operating in the village despite the presence of the KGFSS is that these groups extend much higher amount of loans to the farmers as compared to loan advances of the society.

7. Interestingly, as many as four board members of the KGFSS are noticed to be defaulters. These members have borrowed significant amount of loan from the society, which still stands unpaid. Undoubtedly, the society having such defaulting board members can not function efficiently.
8. From the society's point of view, the members are equally responsible for the poor health of the society as they sell poor quality produce to society and divert good quality one to the private traders.
9. Because of poor/deteriorating financial health, the KGFSS is not able approach court of law to recover the loans unpaid by the members as the expenditure incurred in such court cases are unbearable by the society.

Thus, the major problems faced by the society are 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 have a catalytic negative effect on the functioning of the society and are 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.

#### **4.3 Deogad Taluka Mango Growers' Cooperative Sale Purchase Society (DMGSS)**

The DMGSS was established in the village of Vijaydurg, located around 20 kms. from Deogad taluka of Sindhudurg district, during 1981-82 under co-operative societies Act (Regd. No. SND/RG/DGD/MKT/901-81-82). It is basically a society dealing with the marketing and it caters to the marketing requirements of farmers belonging to 35 villages spread over in the radius of around 50 kms. from Vijaydurg (Table IV.3.1).

**Table IV.3.1: Distribution of Villages as per their Distance from the DMGSS**

Distance	No. of Villages	Area Covered
Upto 10 kms.	11 (31.43)	-
11 – 20 kms.	20 (57.14)	-
21 – 30 kms.	4 (11.43)	-
31 kms. & above	-	-
Total	35 (100.00)	50 kms. (approx.)

Initially only 15 villages were covered by this society. However, in course of time, the number of villages covered by the society increased to 35 (Table IV.3.2).

**Table IV.3.2: Distribution of Villages as per their Year of Affiliation with the DMGSS**

Year	No. of Villages
1981-82	15 (42.86)
1986-87	6 (17.14)
1992-93	7 (20.00)
1993-94 onwards	7 (20.00)
Total	35 (100.00)

Before the inception of the DMGSS, the mango and other fruit crop grower used to sell their produce to the private traders who, taking the advantage of ignorance of the farmers, used to cheat them by quoting much lower prices for the produce as compared to prevailing rates in the Mumbai Market Yard (MMY). In order to avoid such cheating indulged in by the private traders, a significant number of mango growers came together and formed their own society. Although during the initial years of its inception the DMGSS had incurred losses, these losses turned into profit in course of time due to the concerted efforts made by the members of the society. At present, this society is performing very well and it is not only meeting the marketing requirements of mango but also various other fruit crops like pineapple, etc., besides meeting the input requirements of the farmers. The DMGSS has its own shop and auction outlet/platform in the MMY. Ever since its inception, Shri Suresh Shivram Kelkar has been continuing as the Managing Director of the DMGSS. It is only because of his leadership qualities and knowledge that the farmers belonging to the entire 35 villages have faith in him. On closer scrutiny, the major objectives of the DMGSS are seen to be to:

- (a) Extend remunerative prices to the farmers for their produce.
- (b) Provide better quality inputs to the farmers on subsidized rates.
- (c) Inculcate the habit of cooperation among various mango and other fruit crop growers.
- (d) Extend credit facilities to the farmers with a view to raise their living standard.
- (e) Safeguard the interest of farmers and free them from the clutches of private traders.

The facilities extended by the DMGSS to its members not only encompass extension of loans to them and meeting their marketing requirements of mango and other fruit crops but also extension of fairly good quality inputs like fertilizer, pesticides, seeds, crates, packing material, etc. to them.

### 4.3.1 Business Activities of DMGSS

The business activities undertaken by the DMGSS mainly encompass marketing of various inputs like fertilizer, pesticides, seeds, packing material, etc., marketing of output such as mango and other fruit crops, and extension of credit facilities to its members. Table IV.3.3 provides estimates relating to the volume of business undertaken by the DMGSS during 2001-02 and also during the initial year of its inception.

**Table IV.3.3: Different Activities of Cooperative Marketing Societies: DMGSS**

Sr. No.	Activity	Year	Annual Business (Rs.)	
			Initial Year	2001-02
<b>A</b>	<b>Marketing of Input</b>			
	1. Pesticides	1981-82	-	260000
	2. Fertilizer		-	245000
	3. Seed		-	28000
	4. Packing, etc.		-	160000
<b>B</b>	<b>Marketing of Output</b>			
	1. Banana	1981-82	23000	3000000
	2. Other Fruits (Pineapples, etc.)		-	2922206
<b>C.</b>	<b>Services</b>			
	Nil	-	-	-
<b>D</b>	<b>Financial Activity</b>			
	1. Credit	-	-	352100

It could be readily discerned from Table IV.3.3 that during the initial year of its inception the DMGSS was involved only in the marketing of mango. However, in course of time, it included several other activities under its business fold. At present, the DMGSS is not only involved in the marketing of mango and some other fruit crops like pineapple, etc. but also in the marketing of various inputs, besides providing credit facilities to its members. However, mention may be made here that it is the marketing of output on which the total business of the DMGSS depends as the other activities are by and large facilities extended by it to its members.

It is to be noted that with the passage of time the DMGSS has shown tremendous growth/increase in its marketing of mango. The total sale value of mango of the DMGSS has grown from Rs.23,000 in 1981-82 to as high as Rs.30 lakhs in 2001-02. It can be further noticed from Table IV.3.3 that during 2001-02, aside from mango, the DMGSS had also sold other fruits valued at over Rs.29 lakhs. Similarly, the estimates also show that during 2001-02 the DMGSS had sold Rs.2.60 lakhs worth of pesticides, Rs.2.45 lakhs worth of fertilizer, Rs.28,000 worth of seeds and Rs.1.60 lakhs worth of packing material, besides extending an amount to the tune of Rs.3.52 lakhs as ST loans to its members. These estimates clearly underscore the growing business of the DMGSS.

### 4.3.2 Membership Pattern of DMGSS

The members of the DMGSS not only belonged to various caste groups but were also seen to have varied occupation with varied size of land holding. Information relating to distribution of members of the DMGSS according to their caste groups, occupation and land holding size is furnished in Table IV.3.4.

**Table IV.3.4: Distribution of Members as per Caste, Major Occupation and Land Ownership Status: DMGSS**

Sr. No.	Particulars	Society Members		Board Members	
		Numbers	Share (%)	Numbers	Share (%)
<b>A</b>	<b>Caste</b>				
	1. General	334	66.93	5	55.56
	2. OBC	115	23.05	2	22.22
	3. SC	40	8.02	2	22.22
	4. Others	10	2.00	-	-
	Total	499	100.00	9	100.00
<b>B.</b>	<b>Major Occupation</b>				
	1. Cultivators (only)	234	46.89	7	77.78
	2. Agril. Labour + Agril.	215	43.09	2	22.22
	3. Service + Agril.	50	10.02	-	-
	4. Others (Landless)	-	-	-	-
	Total	499	100.00	9	100.00
<b>C</b>	<b>Land Ownership Status</b>				
	1. Marginal	275	55.11	6	66.67
	2. Small	175	35.07	2	22.22
	3. Medium	45	9.02	1	11.11
	4. Large	4	0.80	-	-
	5. Landless	1	0.20	-	-
	Total	499	100.00	9	100.00

A caste group-wise break-up of members presented in Table IV.3.4 clearly show higher representation of general caste in total membership of the DMGSS as about 67 per cent of the total 499 members of the DMGSS belong to higher caste. The representation of OBC in total membership of the DMGSS is noticed to be 23 per cent. Thus, the representation of higher caste and OBC put together in total membership of DMGSS stands at 90 per cent. The remaining 10 per cent members of the DMGSS belong to SC and other lower caste.

Interestingly, only 47 per cent of the total members of the DMGSS are exclusively cultivators and 43 per cent among them have dual major occupation, i.e., though they have agriculture as their main occupation, they also work as agriculture labour. The remaining 10 per cent of the total members of the DMGSS are seen to have both service and cultivation as their main occupation. Further, majority of the members of the DMGSS are seen to belong to marginal category (55 per cent), followed by small

(35 per cent), medium (9 per cent), large (0.80 per cent), and landless category (0.20 per cent). In fact, there is only one member of the DMGSS belonging to landless category. Out of the total members of 499, nine members have their representation in the board of management of the DMGSS. Majority of these board members are either exclusively cultivators or have cultivation and agriculture labour as their main occupation. Most of them are marginal and small categories farmers belonging to higher caste or OBC. Thus, the marginal and small categories of farmers belonging to higher or OBC caste groups have greater role to play in the decision making process of the DMGSS as they have higher representation in the board.

### 4.3.3 Progress of DMGSS

During the last two decades, the DMGSS has shown phenomenal growth not only in its marketing of input and output but also in terms of its membership, share capital base, reserve and other funds, working capital, investments, and profit profile. The progress of the DMGSS in terms of its broad quantitative parameters encompassing the period between 1981-82 and 2001-02 is shown in Table IV.3.5.

**Table IV.3.5: Membership, Share Capital, Reserve Fund, Credit, etc. of the DMGSS**

(Amount in Rs.)

Year	Mem- bership	Share Capital	Reserve & Other Funds	Working Capital	Investm ent	Profit/ Loss (+ / -)	Purchases (A)	Expd. (B)	Sale (C)	Credit (Loan Advances)
1981-82*	107	25300	NA	NA	NA	-5625	-	-	-	-
1982-83*	-	-	-	-	-	-	-	-	-	-
1983-84	132	28500	136	NA	NA	609	34942	1556	39795	6780
1984-85	136	29600	NA	NA	NA	55	106170	12149	128038	4895
1985-86	147	29900	200	NA	NA	712	183869	18321	219730	4895
1986-87	163	31200	2165	NA	NA	1903	285591	42449	356564	6405
1987-88	183	500000	6190	NA	NA	15660	597773	58252	713070	5980
1988-89	195	500000	8869	NA	NA	11234	614190	90752	764771	5980
1989-90	213	500000	17855	NA	14004	873	432494	50549	523960	-
1990-91	225	500000	27139	NA	20376	7191	1049900	91664	1240390	-
1991-92	234	95800	38020	199637	23241	9848	379778	106850	500768	25850
1992-93	265	398900	50681	537307	37442	4505	862769	142331	1047742	15592
1993-94	282	412100	83038	562105	48765	20929	1413028	270227	1744577	229771
1994-95	292	421000	134398	584414	79729	21679	1203959	134414	1462493	257753
1995-96	303	424300	171016	754751	110890	21179	773137	89727	978722	179123
1996-97	322	423700	205951	877410	136051	24185	2317518	269536	2824460	234383
1997-98	399	430800	252809	904133	154485	31345	1868483	304895	2381981	203733
1998-99	386	438500	318017	1193531	184509	60526	2257061	191134	2674329	226739
1999-00	424	436400	395680	1759712	191200	68478	3249077	279225	3923592	271689
2000-01	475	430700	487887	2604009	178213	110336	4355034	653781	5535825	572484
2001-02	499	438900	610603	2485041	199503	47232	5005794	1095206	6569170	461190

Notes: 1) \* - Annual report of the society not available

2) A = Mango and other fruits & pesticides/Insecticides purchase

B = Expenditure in mango and other fruits & pesticides/Insecticides purchase

C = Mango and other fruits & pesticides/Insecticides sale

Notably, the DMGSS has shown nearly five folds rise in its membership over the last two decades. The reserve and other funds of the society have also grown significantly from Rs.27,139 in 1990-91 to as high as Rs.6,10,603 in 2001-02, showing thereby over 22 folds rise in its reserve and other funds during the past one decade. Nonetheless, mention may be made here that the share capital base of the society has not grown much and in fact it remained stagnant at around Rs.4-5 lakhs during the past one and a half decades. Like reserve and other funds, the working capital of the society has also grown from Rs.1,99,937 in 1990-91 to as high as Rs.24,85,041 in 2001-02, indicating 12 times rise in its working capital over the past one decade. Not only this, there has also been steady increase in the investments of the society, which is seen to have grown from mere Rs.14,004 in 1989-90 to nearly Rs.2 lakhs in 2001-02. However, the profit profile of the DMGSS is noticed to be very weak, particularly during the decade of eighties and during early nineties. In fact, it is only during the last few years that the DMGSS is showing considerable amount of profit. The profit earned by the society has grown from Rs.7,191 in 1990-91 to Rs.1,10,336 in 2000-01 with a decline in the same to Rs.47,232 in 2001-02.

In fact, with the passage of time, the major growth of the DMGSS is seen in terms of its marketing of input and output. The value of purchases made by the society, which not only include mango and other fruits but also pesticides and insecticides, etc., has grown from only Rs.34,942 in 1983-84 to as high as Rs.50,05,794 in 2001-02. The expenditure incurred in these purchases made by the society has grown from mere Rs.1,556 in 1983-84 to as high as Rs.10,95,206 in 2001-02. On the other hand, the sale proceeds of the DMGS, which mainly encompass mango and some other fruits, insecticides and pesticides, etc., has increased from Rs.39,795 in 1983-84 to the all time high of Rs.65,69,170 in 2001-02. Not only the DMGSS has shown phenomenal growth in its marketing of input and output but also in its extension of credit facilities to its members. The loan advances of the DMGSS to its members has grown rather sharply from mere Rs.6,780 in 1983-84 to Rs.2,57,753 in 1994-95, and further to as high as Rs.4,61,190 in 2001-02.

As regards the progress, a further analysis drawn from Table IV.3.6 shows a steady increase in business turnover of the DMGSS in the decade of 1990s. The business turnover of the society has grown by over 450 per cent in 2001-02 over that of 1990-91. Similarly, the gross profit as well as output sale of the society have grown by nearly 400 per cent in 2001-02 over that of 1990-91. As for the net profit, there has been over 550

per cent increase in the same in 2001-02 over that of 1990-91. Thus, all the parameters considered in Table IV.3.6 show an increasing trend over time.

**Table IV.3.6: Growth in Sales, Turnover and Net Profit of the DMGSS (Rs.)**

Year	Annual Sale / Business		Turnover	Gross Profit	Net Profit
	Input	Output			
1981-82	NA	23242	28907	1857 (loss)	5625 (loss)
1985-86	278	219252	225525	17540	712
1990-91	-	1240390 (0.00)	1337848 (0.00)	98825 (0.00)	7190 (0.00)
1996-97	-	2824460 (127.71)	3362525 (151.34)	237405 (140.23)	24185 (236.37)
1997-98	-	2381981 (92.03)	2873019 (114.75)	208604 (111.08)	31345 (335.95)
1998-99	308106 (0.00)	2348063 (89.30)	3433906 (156.67)	226132 (128.82)	60527 (741.82)
1999-2000	334047 (8.42)	3560849 (187.07)	4946438 (269.73)	377129 (281.61)	68478 (852.41)
2000-01	964214 (212.95)	4487749 (261.80)	6921963 (417.40)	498314 (404.23)	110336 (1434.58)
2001-02	532685 (72.89)	6037485 (386.74)	7549758 (464.32)	489758 (395.58)	47232 (556.91)

The foregoing estimates are clearly indicative of the fact that the business of the DMGSS is expanding very fast with the passage of time as the society has not only shown phenomenal growth in the marketing of input and output and also extension of credit facilities to its members but also in its working capital, investments, reserve and other funds and, in particular, in its membership, which is key to its expanding/growing business.

#### **4.3.4 Distribution of Net Profit of DMGSS**

While the major amount of net profit of DMGSS is distributed among various funds, an amount of this net profit is also used towards making payment for the employee's bonus, distribution of dividend, and towards payment of loan. The distribution of net profit earned by the DMGSS during the period between 1996-97 and 2001-02 is shown in Table IV.3.7.

It could be readily discerned from Table IV.3.7 that during the entire period between 1996-97 and 2001-02, 25 per cent of the net profit earned by the DMGSS was used to raise reserve fund. The remaining amount of net profit of the DMGSS was distributed among bad debt fund, building fund, charity fund and employee's bonus. Some amount of this net profit earned by the DMGSS was also utilized towards



repayment of loan taken by the society from Mumbai APMC Market Yard, and also towards distribution of dividend among the members.

**Table IV.3.7: Distribution of Net Profit by the DMGSS (Rs.)**

Sr. No.	Particulars	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
1	Net Profit of the year	24185 (0.00)	31345 (29.61)	60526 (150.26)	68478 (183.14)	110336 (356.22)	47232 (95.29)
2	Last (Previous) Year's Balance Profit	9284	10602	461	740	-	-
3	Total Net Profit (X)	33469 (0.00)	41947 (25.33)	60987 (82.22)	69218 (106.81)	110336 (229.67)	47232 (41.12)
4	Reserve Fund (25 % of X)	8367	10487	15247	17305	27584	11808
5	Bad Debt Fund	2000	5000	5000	5000	10000	10000
6	Building Fund	3000	23000	35000	18649	53372	7684
7	Charity Fund	500	1000	2000	3000	4000	2000
8	Employee's Bonus	2000	2000	3000	3615	5380	5740
9	Mumbai APMC Loan Repayment	7000	-	-	-	-	-
10	Balance Profit	10602	460	740	-	-	-
11	Dividend Distribution	-	-	-	22001	-	-
12	Other Fund ( <i>Ropya Mahotsav Nidhi</i> )	-	-	-	-	10000	10000

It could be further seen that during the entire period between 1996-97 and 2001-02, except for reserve fund, the DMGSS did not use any fixed proportion of net profit for the distribution among various funds. In general, the amount of money kept in various funds increased in line/tune with the increase in net profit earned by the DMGSS. Further, it is to be noted that building and reserve funds, and to some extent bad debt fund invariably cornered higher proportion of net profit as compared to other funds of the DMGSS.

#### 4.3.5 Credit Position of DMGSS

Table IV.3.8 provides an insight into the estimates relating to the amount of ST loans disbursed by the DMGSS to its members, their numerical strength and the amount of loan repaid by them to the society during the period between 1996-97 and 2001-02.

**Table IV.3.8: Loan Advances and Repayment of the DMGSS**

(Amount in Rupees)

Year	Loan Advances (ST) by the Society to Members	No. of Borrowers	Loan Taken by the Society from Banks	Repayment of Loan by the Members to the Society	Repayment of Loan by the Society to the Bank
1996-97	208700	21	-	153440	-
1997-98	188700	27	-	219350	-
1998-99	208500	23	-	185494	-
1999-00	331000	31	-	286050	-
2000-01	502900	45	-	202104	-
2001-02	352100	25	-	463394	-

The estimates presented in Table IV.3.8 show very low strength of the borrowers as compared to the numerical strength of members of the DMGSS. The number of borrowers seeking loans from the society varied between 21 and 45 during the entire period between 1996-97 and 2001-02. Although the total borrowings of these members has fluctuated considerably over time, the estimates reported in Table IV.3.8 also show an increasing trend in per household borrowing during the given period. In general, the per member borrowing has grown from Rs.9,938 in 1996-97 to Rs.14,084 in 2001-02. As regards repayment of this loan. The trend is not very encouraging. As a matter of fact, during the entire period between 1996-97 and 2001-02, out of total loan of Rs.17,91,900 advanced by the DMGSS to its members, only Rs.15,09,832 was repaid by them. This obviously shows a deficit to the tune of Rs.2,82,069 between borrowings and the repayment of loan. This is certainly not an encouraging observation insofar as the repayment of loan is concerned. The DMGSS must make concerted efforts to recover this loan as it might effect its financial position in the long term.

#### **4.3.6 Marketing Activity of DMGSS**

The DMGSS has been marketing mango and various other fruit crops for the past almost one and a half decades. In the marketing of these fruit crops, it does not involve any private trader and sells the produce through its own auction platform located around the shop owned by the society in the Mumbai Market Yard (MMY). It has been following this practice with a view to reduce marketing margins cornered by various market functionaries. The DMGSS generally hires trucks for the transportation of produce from the farmer's field to the wholesale market. In fact, insofar as marketing is concerned, the farmer members of the DMGSS have two options. They either sell their crop to the society in the village itself at the market prices prevailing in the area on that particular day of selling the produce or they can wait for a longer time and divert their produce in the MMY through the society. In the first option, the payment to the farmer is made immediately after the sale proceeds. However, in case the farmer sells his produce through the society in the Mumbai wholesale market/MMY, the payment to the farmer in that situation is made by the society after 15 days.

It is to be noted that bulk of the sale proceeds of the DMGSS takes place in the MMY as majority of the farmers prefer the second option to get higher prices as compared to the prices received by them at the field level. In case the society hires truck to transport farmer's produce to the wholesale market, the truck hiring charges are

deducted from the payment due to the farmer diverting his produce through this channel. The society makes the payment to the farmer on the basis of quality of produce. And, in the case of mango, grading of produce is done, which in turn is based on size, variety, appearance and quality of produce. Further, it is to be noted that payment is made on dozen basis, i.e. the payment is made on the basis of number of dozens of a particular variety of mango procured by the society from the farmer and the prevailing rate of that variety in the Mumbai wholesale market on the day of marketing of farmer's produce. Generally, loss of weight of produce occurs when there is delay in transportation of farmer's produce as the fruit starts rotting. Sometimes, the delay takes place when the society faces problem in hiring a truck for the transportation of produce. However, this delay occasionally takes place as the society keeps itself well prepared before the harvesting of the crop and hires several trucks for the transportation of farmer's produce. It is to be noted that if the farmer diverts his produce in the wholesale market through the society, the society charges 10 per cent commission from the payment due to the farmer after 15 days.

The DMGSS generally uses wooden boxes, cardboard boxes and tin boxes for the packing of produce. If the farmer intends to market his produce in the Mumbai wholesale market through the society, these boxes are then delivered/provided to the farmer members. At times the society faces problems relating to delivery of packing material to the farmers when there is excess production of the crop. In order to tackle this problem, one of the suggestions of the society is to have cold storage facilities in the mango growing/cultivating villages. These facilities will certainly help the mango growers in view of the fact that these farmers will not suffer from spoilage of produce during times of glut in production. Generally, the DMGSS markets the crop in the wholesale market through the market yard. It also performs the role of a retailer as it has its own shop in the Mumbai market.

It is to be further noted that although the DMGSS has been marketing mango and other fruit crops for the past several years, the exact quantity of these marketed produce are not available with the society or it does not want to come out with the exact figures insofar as the marketing of these produces are concerned. This is the reason as to why Table IV.3.9 does not show the quantity of produce marketed by the DMGSS during the period between 1990-91 and 2001-02. It deserves mention here that whether it is mango or any other fruit crop like pineapple, the sale proceeds takes place in dozens and as a

result the society is not able to reveal the exact quantity of produce marketed by it. Certainly, the society markets several produces in boxes. The number of boxes marketed by the society are again not available for the preceding years. The Table IV.3.9 suffers from this drawback and is not able to reveal as to how much quantity of mango, in particular, is marketed by the society. However, it certainly presents the estimates relating to the average mango prices received by the society in a season and the minimum and maximum prices of mango prevailing during different months of the season encompassing the period between 1990-91 and 2001-02.

**Table IV.3.9: Marketing Activity of the DMGSS**

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

Sr. No.	Year	Crop: Mango					
		Quantity Marketed (in Quintals)	Average Price (Rupees./Quintals)	Maximum Price		Minimum Price	
				Month	Price	Month	Price
1	1990-91	NA	230	March	900	May	150
2	1991-92	NA	250	March	925	May	200
3	1992-93	NA	270	March	1050	May	210
4	1993-94	NA	275	March	1125	May	215
5	1994-95	NA	300	March	1200	May	225
6	1995-96	NA	330	March	1300	May	230
7	1996-97	NA	325	March	1250	May	225
8	1997-98	NA	375	March	1300	May	250
9	1998-99	NA	400	March	1200	May	210
10	1999-00	NA	350	March	1400	May	230
11	2000-01	NA	400	March	1550	May	250
12	2001-02	NA	600	March	2700	May	350

As can be discerned from Table IV.3.9, the average prices of mango prevailing during the decade of nineties varied from Rs.230 per quintal in 1990-91 to Rs.600 per quintal in 2001-02. These average prices received by the DMGSS kept increasing steadily throughout the period between 1990-91 and 2001-02. Interestingly, during the entire given period of nineties, the minimum prices of mango turned out to be in the month of March and maximum prices in this respect were in May.

Although there was no involvement of private trader in the marketing of mango, the DMGSS used the services of commission agent in the wholesale market located in MMY. Thus, commission agent was the only market functionary involved in the domestic trade of mango belonging to DMGSS. The information relating to number of boxes of mango marketed by the DMGSS through commission agent, its total sale value, transportation, loading/unloading expenses, commission and market fees, and net value of sale of mango is provided in Table IV.3.10 for the reference year 2001-02.

**Table IV.3.10: Marketing of Produce by the DMGSS in 2001-02**

(Amount in Rs.)								
Agency	Crop	Quantity Marketed	Sale Value (in Rs.)	Market & its Distance	Transportation Expenses (in Rs.)	Loading/ Unloading Expenses	Market Fee, Commission, etc.	Net Value (in Rs.)
1. Through Co-operative Society	-	-	-	-	-	-	-	-
2. Through Wholesaler/ Retailer	-	-	-	-	-	-	-	-
3. Through Commission Agent	Mango	8500* (Boxes Approx.)	2955735	Mumbai 500 kms. (Approx.)	294443 (Truck)	31870	35445	259397
4. Through Processor	-	-	-	-	-	-	-	-

Note : \* - Per Box = 72 Mangoes; One Mango = 250 gms. (approx.); Per Box = 18 Kgs. (approx.)

During 2001-02, the DMGSS had marketed approximately 8,500 boxes of mango through the commission agent with each box containing 72 mangoes (6 dozens) weighing around 18 kgs. The total sale value of this mango was seen to be Rs.29,55,735. In the marketing of mango, an expenditure to the tune of Rs.2,94,443 was incurred by the society in transportation alone. The other expenses incurred by the society were in loading and unloading operations and towards commission and market fees. The amount of expenditure made by the society in loading and unloading operations stood at Rs.31,445, whereas Rs.35,445 was spent by the society towards commission and other market fees. Thus, after making all deductions with respect to the expenses, the net sale value of mango for the DMGSS turned out to be Rs.25,93,977 during 2001-02. It is to be noted that in the marketing of mango the transportation expenses incurred by the society alone accounted for 10 per cent of the total sale value of mango. This expenditure is quite high in view of the fact that it is deducted from the payment due to the farmer. However, mention may be made that the wholesale market located in Mumbai is approximately 500 kms. from the society, and due to the distant location of the market the society has to incur this expense. At present, the society is making concerted efforts to reduce this expense with a view to extend higher share to its member farmers in the sale proceed of the produce. In fact, reductions in transportation expenses and involvement of market functionaries are the two major goals of the DMGSS at present. An effort made by the society in this direction will certainly improve the overall efficiency of the system involved in the marketing of mango.

Having discussed in detail the business activities of the DMGSS, let us now bring into focus the socio-economic profile of the sampled households selected from the village where the DMGSS is located, and also evaluate their cropping pattern, extent of income derived by them from various sources, their deposit and loan position with the society, input purchases and output sale, and also their views with respect to the strengths and weaknesses of the DMGSS.

#### 4.3.7 Socio-Economic Profile of Sampled Households of Vijaydurg Village (VV)

Distribution of households among various land holding size and caste groups, their operational size of land holding, educational status of their head of the household, and their membership with respect to various cooperative societies are some of the aspects covered under socio-economic profile of the sampled households.

The information relating to distribution of sampled households among various land holding size categories along with their average size of land holding is presented in Table IV.3.11.

**Table IV.3.11: Distribution of Sample Households as per Operational Holding (Village: Vijaydurg; Taluka: Deogad; District: Sindhudurg)**

Operational Holding Group	No. of Households	Average Operational Holding (Hectares)
Small (Upto 2 Hectares)	9	1.03 (9.28)
Medium (2-4 Hectares)	1	3.95 (3.95)
Large (Above 4 Hectares)	-	-
Total	10	1.32 (13.23)

Note: Figures in parentheses are total operational holding

It could be noticed that the total strength of sampled households stood at 10 and among them as many as 9 belonged to small category and one to medium category. None of the household was selected from the large category. The average size of land holding stood at 1.03 hectares for small category and 3.95 hectares for medium category with an overall average of 1.32 hectares for the average category of households.

It could be further noted from Table IV.3.12 that 70 per cent of the selected sampled households belonged to higher caste and 30 per cent to OBC. An isolated case of medium farmer belonged to higher caste.

**Table IV.3.12: Distribution of Sample Households as per Caste Group (Village: Vijaydurg; Taluka: Deogad; District: Sindhudurg)**

Operational Holding Group	Higher Caste	Other Caste	S.C.	S.T.	Total
Small	6	3	-	-	9
Medium	1	-	-	-	1
Total	7	3	-	-	10

As could be discerned from Table IV.3.13, the head of the household of the isolated case of selected medium category of farmer attained education only upto secondary level. On the other hand, in the case of small category, the head of the household of 4 out of 9 selected sampled household under this category attained education upto primary level, another 4 upto secondary level and the remaining one upto graduation level. Thus, it is difficult to state as to the head of the household of which category, in general, attained higher education.

**Table IV.3.13: Distribution of Sample Households as per Education Status of the Head of the Household (Village: Vijaydurg; Taluka: Deogad; District: Sindhudurg)**

Operational Holding Group	Illiterate	Primary	Secondary	Graduate	Others	Total
Small	-	4	4	1	-	9
Medium	-	-	1	-	-	1
Total	-	4	5	1	-	10

Interestingly, the sampled households were not only members of the DMGSS but also various other cooperative societies. Although all the 10 sampled households were members of the DMGSS, 50 per cent among them were also members of Vividh Karyakari Co-operative society operating in the village that was mainly engaged in multipurpose activities, which not only encompassed credit extension but also extension of input and other facilities to the farmers (Table IV.3.14). Further, 20 per cent among these sampled farmers were also members of fisheries cooperatives. This is an indication of the fact that apart from cultivation of mango a couple of sampled farmers were also engaged in fisheries activities

**Table IV.3.14: Distribution of Sample Households as per Membership of Co-operative Society (Village: Vijaydurg; Taluka: Deogad; District: Sindhudurg)**

Operational Holding Group	Fruit Sale Co-op. Society	Fisheries Co-operative Society	Vividh Karyakari Co-operative Society	Credit Co-op. Society	Urban Co-op. Bank
Small	9	2	4	-	1
Medium	1	-	1	1	1
Total	10	2	5	1	2

Note: Total is exceeding as the same household is member of several co-operative society

It is to be noted that a small and medium category of sampled household was also member of urban cooperative bank, whereas an isolated case of medium category showed his membership with credit cooperative as well. The foregoing observations clearly underscore the fact that the sampled households were associated with several cooperative societies, apart from association with DMGSS.

### 4.3.8 Cropping Pattern of Sampled Households of VV

Generally farmers cultivate those crops which either suit the existing soil type and agro-climatic conditions or yield higher returns to them. In the mango growing village of Vijaydurg, the sampled farmers were not only seen to cultivate high valued mango but also some other field and fruit crops. The information on area allocation under various crops along with quantity and value of main and by-products for various categories of sampled households is furnished in Table IV.3.15.

**Table IV.3.15: Crop-wise Area and Production of Sample Households**  
(Village: Vijaydurg; Taluka: Deogad; District: Sindhudurg)  
(Quantity in Kg; Value in Rs.; Area in Hectares)

Operational Holding Group	No. of hhs.	Mango					Coconut (Qty. in nos.)				
		Area Op.	Main Product		By Product Value	Total Value	Area Op.	Main Product		By Product Value	Total Value
			Qty.	Value				Qty.	Value		
Small	9	4.33	36550	772000	-	772000	0.20	1600	4480	-	4480
Per hect.			8441	178291	-	178291		8000	22400	-	22400
Medium	1	2.80	17850	345600	-	345600	0.40	4000	12600	-	12600
Per hect.			6375	123429	-	123429		10000	31500	-	31500
Total	10	7.13	54400	1117600	-	1117600	0.60	5600	17080	-	17080
Per hect.			7630	156746	-	156746		9333	28467	-	28467
			Nagli (Finger Millet)				Paddy				
Small	9	0.85	1600	10000	2650	12650	2.72	11000	58500	11750	70250
Per hect.			1882	11765	3118	14883		4044	21507	4320	25827
Medium	1	-	-	-	-	-	0.10	500	2550	550	3100
Per hect.								5000	25500	5500	31000
Total	10	0.85	1600	10000	2650	12650	2.82	11500	61050	12300	73350
Per hect.			1882	11765	3118	14883		4078	21649	4362	26011
			Arecanut				Banana				
Small	9	-	-	-	-	-	-	-	-	-	-
Per hect.											
Medium	1	0.30	200	6400	-	6400	0.20	10000	31000	-	31000
Per hect.			667	21333	-	21333		50000	155000	-	155000
Total	10	0.30	200	6400	-	6400	0.20	10000	31000	-	31000
Per hect.			667	21333	-	21333		50000	155000	-	155000

It is to be noted that mango and paddy were the only two major crops dominating the cropping pattern of the sampled households. These two crops accounted for about 84 per cent share in total net cultivated area of the sampled households. And, among these two crops, the share of mango in total cultivated area of the sampled households was as high as 60 per cent. The other crops cultivated on the remaining 16 per cent of the total cultivated area of sampled households were coconut, finger millet, arecanut and banana. Among various crops, mango, coconut and paddy were seen to be cultivated by all the categories of sampled households. On the other hand, finger millet was found to be cultivated only by small category of household and arecanut and banana by the medium category of households.



Although the area under mango was substantially high as compared to banana, both these crops yielded maximum gross returns to the sampled households. While for the average category of farmer the per hectare gross return from mango orchard was estimated at Rs.1,56,746, this return from banana farm stood at Rs.1,55,000. Thus, there was hardly any difference insofar as gross returns from mango and banana were concerned. Interestingly, the small category of mango orchardists not only showed much higher gross returns but also higher yield of mango crop on their farms as compared to medium category of orchardists. The other crops cultivated by the sampled households showed very low per hectare gross returns, and for the average category of household it was estimated at Rs.28,467 from coconut, Rs.21,649 from paddy, Rs.21,373 from arecanut, and Rs.11,765 from finger millet. Thus, like mango and banana, there was not any difference in per hectare gross returns from paddy and arecanut. Interestingly, despite paddy showing lower per hectare gross returns, all the sampled households cultivated this crop and they had a considerable area under this crop. Similarly, though the other crops showed lower area under cultivation, the returns from them were also not much. The family consumption requirements, save for banana, arecanut and coconut, could be one of the reasons as to why the sampled farmers were cultivating some of these crops despite lower returns from them.

#### **4.3.9 Net Income of Sampled Households of VV**

The sampled households were seen to derive income not only from cultivation activity but also from various other activities such as dairying, agriculture labour, business, service, remittances, etc. Information relating to magnitude/extent of income derived by these sampled households from various activities is provided in Table IV.3.16.

A critical evaluation of Table IV.3.16 shows cultivation as the only major activity accounting for 80-90 per cent share in net annual income of the sampled households drawn from the village of Vijaydurg. While small category of sampled households were seen to derive 78 per cent of their net annual income from cultivation activity, this proportion for the medium category of sampled household turned out to be as high as 91 per cent. In the case of medium category, the other activity that accounted for the remaining share in the net annual income was dairying. On the other hand, the small category of households were not only seen to derive their income from cultivation activity but also from various other activities like business, service, remittances, and also through their work rendered as agriculture labour and rural artisan.

**Table IV.3.16: Net Income of Sample Households from Various Sources**  
(Village: Vijaydurg; Taluka: Deogad; District: Sindhudurg)

(Amount in Rs.)

Sr. No.	Sources	Small	Medium	Total (Average)
1.	Cultivation	1120500	250000	1370500
	Per h.h.	124500	250000	137050
		(78.46)	(91.24)	(82.00)
2.	Dairying	-	24000	24000
	Per h.h.		24000	2400
			(8.76)	(2.43)
3.	Agriculture Labour	86400	-	86400
	Per h.h.	9600		8640
		(6.05)		(4.37)
4.	Profession / Rural Artisan	62000	-	62000
	Per h.h.	6889		6200
		(4.34)		(3.14)
5.	Business	56000	-	56000
	Per h.h.	6222		5600
		(3.92)		(2.83)
6.	Service	43200	-	43200
	Per h.h.	4800		4320
		(3.03)		(2.19)
7.	Others / Remittances	60000	-	60000
	Per h.h.	6667		6000
		(4.20)		(3.04)
	<b>Total</b>	<b>1428100</b>	<b>274000</b>	<b>1702100</b>
	<b>Per h.h.</b>	<b>158678</b>	<b>274000</b>	<b>170210</b>
		(100.00)	(100.00)	(100.00)

Note: Figures in parentheses are percentages to the total income

In general, medium category of sampled household derived much higher net annual income as compared to small category. The net per household annual income from various sources was estimated at Rs.1,58,678 for the small category and Rs.2,74,000 for the medium category with an overall an average of Rs.1,70,210 for the average category of sampled households. Thus, the medium category of household derived nearly 73 per cent higher net annual income as compared to small category of sampled households. However, mention may be made that strict comparison of annual income derived from various sources is not feasible here as in the medium category only one sampled household was selected from the village of Vijaydurg. Enlargement of sample size might present a different picture of annual income than what is noticed in this case study.

#### 4.3.10 Deposits, Loans, Purchases and Sales of Sampled Households of VV

Input purchases, output sale and to some extent borrowings were the major activities where the sampled respondents/households drawn from the village of Vijaydurg had shown their involvement with the society. Table IV.3.17 provides a fairly good account on the estimates relating to input purchases, output sales and the extent of borrowings of the sampled households during the period between 1996-97 and 2001-02.

**Table IV.3.17: Deposits, Loans, Purchases and Sales of Sample Households  
(Village: Vijaydurg; Taluka: Deogad; District: Sindhudurg)**

(Amount in Rs.)

Sr. No.	Operational Holding Group	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
<b>1.</b>	<b>Deposits</b>						
	Small	1500	-	-	-	-	-
	% + or -	0.00					0.00
	Per h.h.	167					
	Medium	-	-	-	-	-	-
	% + or -						
	Per h.h.						
	Total	1500	-	-	-	-	-
	% + or -	0.00					0.00
	Per h.h.	150					
<b>2.</b>	<b>Loans Taken</b>						
	Small	20000	25000	-	10000	10000	20000
	% + or -	0.00					0.00
	Per h.h.	2222	2778		1111	1111	2222
	Medium	20000	20000	20000	-	-	-
	% + or -	0.00					
	Per h.h.	20000	20000	20000			
	Total	40000	45000	20000	10000	10000	20000
	% + or -	0.00					-50.00
	Per h.h.	4000	4500	2000	1000	1000	2000
<b>3.</b>	<b>Purchases</b>						
	Small	85000	60000	95000	65000	77500	90000
	% + or -	0.00					5.88
	Per h.h.	9444	6667	10556	7222	8611	10000
	Medium	12500	13750	15500	14750	16500	19500
	% + or -	0.00					56.00
	Per h.h.	12500	13750	15500	14750	16500	19500
	Total	97500	73750	110500	79750	94000	109500
	% + or -	0.00					12.31
	Per h.h.	9750	7375	11050	7975	9400	10950
<b>4.</b>	<b>Sales</b>						
	Small	711000	689000	809000	755000	650000	773600
	% + or -	0.00					8.80
	Per h.h.	79000	76556	89889	83889	72222	85956
	Medium	175000	190000	160000	200000	140000	195150
	% + or -	0.00					11.51
	Per h.h.	175000	190000	160000	200000	140000	195150
	Total	886000	879000	969000	955000	790000	968750
	% + or -	0.00					9.34
	Per h.h.	88600	87900	96900	95500	79000	96875

The estimates shown in Table IV.3.17 not only provide an insight into the extent of borrowings, input purchases and output sales of the sampled households but also a small amount of deposit made by the small category of households in the society during 1996-97. However, since none of the sampled households had shown any deposit in the society after 1996-97, no conclusion could be drawn insofar as rise or fall in the deposits of the members were concerned. Similarly, although some of the sampled households

were seen to borrow loans from the society, the trend during the given period was not very encouraging. While the small category of households showed fluctuation in their amount of loan borrowed from the society, the medium category of household, on the other hand, did not borrow at all after 1998-99. In general, the sampled households showed 50 per cent decline in their borrowings from the society during the period between 1996-97 and 2001-02. The amount of loan borrowed by the average category of households was also not much and it was estimated at Rs.4,000 per household in 1996-97 and Rs.2,000 per household in 2001-02.

As regards input purchases, although the average category of household showed around 12 per cent rise in the same between 1996-97 and 2001-02, this rise in input purchases from the society was mainly because of sharp increase in input purchases of medium category of household as the small category showed very marginal increase in their input purchases during the given period of time. The medium category of household not only showed higher increase in his input purchase during the period between 1996-97 and 2001-02 but also higher value of input purchased by him from the society during this period. This could be corroborated from the fact that while the per household value of input purchased by the small category increased from Rs.9,444 in 1996-97 to Rs.10,000 in 2001-02, this increase in the same for the medium category during the same period was from Rs.12,500 to Rs.19,500, showing thereby 56 per cent rise in his value of input purchased from the society as against only 6 per cent in the same for the small categories of households. In fact, the value of input purchased by the medium category was twice the value of input purchased by the small category of households, particularly after the 1999-2000 period.

A further analysis drawn from Table IV.3.17 revealed that as against small category the medium category had not only shown higher value of input purchased from the society and significant increase in the same during the period between 1996-97 and 2001-02 but also substantially higher value of output sold by him to the society during this period. The per household value of output sold by the medium category of household was estimated to have grown from Rs.1,75,000 in 1996-97 to Rs.1,95,150 in 2001-02 in the face of marginal increase in the same from Rs.79,000 in 1996-97 to Rs.85,956 in 2001-02 for the small category of households. Thus, while the medium category of household showed 12 per cent rise in his value of output sold to the society during the given period of time, this increase in value of output for small category was only 9 per

cent. In general, the per household value of output sold to the society was estimated at Rs.88,600 in 1996-97 and Rs.96,875 in 2001-02, showing thereby around 9 per cent rise in this value for the average category of households during the given period of time.

The foregoing observations are symptomatic of the fact that the sampled households showed their major involvement with the society only in the case of output sale and to some extent in their input purchases. Surprisingly, the borrowings of the sampled households were too low during the entire period between 1996-97 and 2001-02 despite the fact that the per household borrowing of the DMGSS varied between Rs.6,989 in 1997-98 and Rs.14,084 in 2001-02 (Table IV.3.8). The possible reason for this could be the fact that the sampled households drawn from the village of Yijaydurg did not borrow much as compared to their counter part in other villages who were also borrowers of loans of DMGSS.

#### 4.3.11 Opinion of the Sampled Households Regarding Strengths of DMGSS

There were several positive features that weighed in favour of the functioning of the DMGSS. The views expressed by the sampled households/respondents with respect to the strengths of their society are enlisted in Table IV.3.18.

**Table IV.3.18: Distribution of Sample Households as per their Opinions Regarding Strength of the DMGSS (Village: Vijaydurg; Taluka: Deogad; District: Sindhudurg)**

Sr. No.	Opinions	Small	Medium	Total
1.	Timely payment and remunerative rates for the produce	4	1	5
2.	Interest free availability of credit for the purchase of fertilizer and pesticides	9	1	10
3.	Fixation of rates as per grading/quality of the produce	2	1	3
4.	Guarantee for timely payment and responsibility being taken by the society regarding sale of the produce	5	-	5
5.	Proper guidance being provided by the society in terms of utilization of inputs and other agricultural practices	6	1	7
6.	Guidance being provided in terms of packing, grading and storage of produce	6	-	6

It could be noted that while all the 10 sampled households favoured their society for its extension of credit at low rates of interest for the purchase of fertilizer and other inputs, as many as 7 among them were also seen to favour their society for the guidance being provided to them in terms of utilization of inputs and other agricultural practices. Similarly, 60 per cent of the sampled respondents also favoured their society for the guidance provided by it to the farmers in respect of packing, grading and storage of produce. As many as 5 sampled respondents also aired their view in favour of society's

remunerative rates for the produce and timely availability of payment for the same. Thus, the sampled respondents have shown varied reasons for the smooth and efficient functioning of their society. In brief, the positive features weighing in favour of the DMGSS were: (a) remunerative rates and timely availability of payment for the farmers' produce, (b) availability of credit at low rates of interest, (c) fixation of rates as per quality of produce, (d) guidance to the farmers with respect to utilization of inputs and other agricultural practices, and (e) guidance to the farmers in terms of packing, grading and storage of produce. Because of these positive features, the members of the DMGSS have developed adequate faith in their society.

#### 4.3.12 Opinion of the Sampled Households Regarding Weaknesses of DMGSS

While majority of the sampled respondents were satisfied with the facilities extended by the DMGSS, a few among them showed dissatisfaction with the society. The views expressed by the sampled respondents in terms of weaknesses of the society are enlisted in Table IV.3.19.

**Table IV.3.19: Distribution of Sample Households as per their Opinions Regarding Weakness of the DMGSS (Village: Vijaydurg; Taluka: Deogad; District: Sindhudurg)**

Sr. No.	Opinions	Small	Medium	Total
1.	Lack of availability of processing facilities with the society	9	1	10
2.	Purchase of only good quality produce	2	1	3
3.	Deduction of 10 % commission by the society from the payment due to the farmer	3	-	3
4.	The society does not extend transportation facility to the member farmers for the marketing of produce	4	-	4
5.	The society does not try to search for new markets/place of marketing for the marketing of produce	1	-	1

It could be readily discerned from Table IV.3.19 that all the sampled respondents were unhappy mainly because of lack of availability of processing facilities with the society. Deduction of 10 per cent commission from the payment due to the farmer, purchase of only good quality produce and sometimes lack of availability of transportation facilities were some other reasons that weighed against the functioning of the society.

Although majority of the sampled respondents were satisfied with the performance of the society and a few among them also showed dissatisfaction due to certain reasons, the major reasons that weighed in favour of the DMGSS or were chiefly responsible for the success of the society were little removed from the views expressed

by the sampled farmers. In fact, apart from extension of various types of facilities to its members and providing timely payment and remunerative rates to the farmer for their produce, the DMGSS has also been involved in some other activities which mainly revolve around demand and supply side of the produce.

It is to be noted that a better quality produce not only fetches higher price but also generates greater demand of the produce in the market. It has already been indicated earlier that the society chiefly markets the produce procured by it in the Mumbai wholesale market. Since there are number of players in this market, the DMGSS has to face stiff competition from them. The only way to compete with these numerous players is to maintain quality of produce. And, therefore, the society gives foremost priority to good quality produce. In order to maintain quality, the society undertakes several steps and extends a number of suggestions/advises to its members. One of the suggestions of the society extended to its farmer members is in favour of using lower quantity of pesticides and other chemical fertilizers and higher quantity of organic manures on their farms. This instruction to the farmers is specifically given to increase crop production. The society also gives instructions to the farmers to pluck the fruit only when it ripens as artificial methods used for ripening of fruits often reduce the quality of produce. Because of these instructions supplied by the society to its members, the produce quality is much better as compared to the produce marketed by other traders in the Mumbai wholesale market. This obviously raises the demand of the crop marketed by the DMGSS. Further, with a view to increase supply of the crop in the market, the society mainly tries to expand production of the crop in the area. The higher quantum of production is achieved when the society extends superior quality of fertilizer, pesticides, seeds and some other inputs to its member farmers. With a view to raise supply and demand of the crop, the DMGSS uses attractive packing and supplies such packing material to its members. However, one of the problems faced by the society is relating to early ripening of mango crop during transportation since it is a summer crop. In order to prevent spoilage or early ripening of the produce, one of the suggestions of the society is in favour of having refrigerated containers. The society at present is not having enough funds to buy such containers. In fact, these containers require huge capital investment. The society, therefore, wants the government to come forward and help the societies involved in the marketing of mango, particularly in respect of granting funds for the purchase of refrigerated vans, containers, etc.

#### **4.4 Rameshwar Vividh Fruit Purchase and Sale Co-operative Society (RFPSS)**

The RFPSS is located at the taluka level headquarters of Vengurla and at present covers seven villages. Among these villages, five are located in the radius of 10 kms. and the remaining two in the radius of 16 kms. from the society (Table IV.4.1). The vengurla taluka itself is located around 30 kms. from Sindhudurg district headquarters. The society was established during 1991-92. The reasons for the establishment of the society are not far to seek from. Before its inception, marketing of mango and various other fruits was entirely in the hands of private traders. These private traders used to exercise their monopoly, particularly when the produce of small and marginal category of farmers was diverted through them. Because of lower quantity of produce of small and marginal farmers, the private traders were often reluctant to lift the crop despite better quality of their produce. This was a ploy of the private traders to offer lower prices to these farmers inspite of good quality produce. On the other hand, the farmers with larger quantity of produce were offered higher prices from these traders despite average quality of their produce. Further, these private traders also used to take advantage of the ignorance of the farmers about the prices of mango and other fruit crops prevailing in the Mumbai wholesale market. Since the payment to the farmers was made after 15 days, the private traders were successful in cheating the farmers, particularly in terms of quoting much lower price than what was actually prevailing in the Mumbai wholesale market at the time of procurement of produce from the farmers. Sometimes, these traders were even avoiding making payment to the farmers. These private traders were so dominant in the area that it was difficult for the individual farmers to market his produce without their help, particularly because of their ignorance about the market forces. In order to come out of the clutches of these dominating monopolistic private traders, 55 mango and other fruit crop cultivating farmers belonging to five villages located around Vengurla came together and formed their own marketing society during 1991-92. However, as can be noticed from Table IV.4.2 that the society included farmers belonging to two more villages under its fold during 1994-95.

**Table IV.4.1: Distribution of Villages as per their Distance from the RFPSS**

Distance	No. of Villages	Area Covered
Upto 10 kms.	5 (71.43)	170 hectares
11 – 20 kms.	2 (28.57)	40 hectares
21 – 30 kms.	-	-
31 kms. & above	-	-
Total	7 (100.00)	16 kms (approx.)



**Table IV.4.2: Distribution of Villages as per their Year of Affiliation with the RFPSS**

Year	No. of Villages
1991-92	5 (71.43))
1994-95	2 (28.57)
Total	7 (100.00)

At the time of its establishment, one of the major objectives of the society was to initiate processing activities relating to various fruit crops, apart from providing remunerative competitive rates to the farmers for their crop and extending other input facilities. However, the society could never get success in processing activities because of the losses incurred by the society during the initial years of inception, which even followed in the subsequent latter years. At present, the RFPSS has only two major objectives. The specific objectives are to:

- (a) Provide remunerative competitive prices/rates for the produce procured from the farmer members, and
- (b) Provide fertilizer, seeds, pesticides, implements, etc. on subsidized rates to the farmer members.

Apart from the objectives outlined above, the society extends several facilities to its members. These include (a) provision of fertilizer, pesticides and other inputs at 5 per cent discount rate if the payment is made to the society in cash at the time of buying the input, (b) provision of mango plants to the members on subsidized rates, and (c) providing guidance to the farmers about various cultivation practices/activities, optimum utilization of fertilizer, pesticides and other inputs, and various other information relating to cultivation of the crops. Apart from these facilities, the society also makes immediate cash payment to the farmers with a view to raise supply of the crop. However, despite all these efforts, the society could not be saved from its deteriorating health.

#### **4.4.1 Business Activities of RFPSS**

Basically at present the major business activities of the RFPSS include marketing of input such as fertilizer and crude oil, marketing of output, viz., mango, cashewnut and coconut, and marketing/distribution of boxes to its members for the purpose of packing various fruits marketed by the society. Details regarding various business activities of the RFPSS since its inception are provided in Table IV.4.3.

As can be readily discerned from Table IV.4.3, during the initial years of its inception the RFPSS was only engaged in the marketing of mango. However, in course of

time, some other fruits like cashewnut and coconut, and also some of the inputs like fertilizer and crude oil found their place in the marketing business of this society. In fact, in more recent times, this society is even distributing boxes to its member farmers for the purpose of packing fruits marketed by them through the society.

The RFPSS entered in the marketing of inputs only during 1995-96. Initially this society had done good business in the marketing of various inputs. However, due to heavy losses incurred by the society, its marketing activity relating to inputs started shrinking, so much so that the value of fertilizer sale of RFPSS, which increased significantly from Rs.55,975 in 1995-96 to Rs.1,92,825 in 2000-01, fell dramatically to meagre Rs.600 in 2001-02. Similarly, the sale value of crude oil of RFPSS also fell sharply from Rs.3,73,881 in 1995-96 to as low as Rs.2,195 in 2000-01. In fact, in 2001-02 the RFPSS is seen to have almost withdrawn its involvement in the marketing of inputs.

**Table IV.4.3: Different Activities of Cooperative Marketing Societies:RFPSS**

Sr. No.	Activity	Year	Annual Business (Rs.)		
			Initial Year	2000-01	2001-02
<b>A</b>	<b>Marketing of Input</b>				
	1. Fertilizer	1995-96	55975	192825	600
	2. Crude Oil	1995-96	373881	2195	-
<b>B</b>	<b>Marketing of Output</b>				
	1. Mango	1993-94	331062	23046	210462
	2. Cashewnut	1994-95	46400	-	-
	3. Coconut	1998-99	4755	-	-
<b>C</b>	<b>Other Related Marketing Activity</b>				
	1. Sale of Boxes	-	-	5411	2750
<b>D</b>	<b>Services</b>				
	Nil	-	-	-	-
<b>E</b>	<b>Financial Activity</b>				
	Nil	-	-	-	-

As for the marketing of output, it can be noted that mango is the only fruit crop which has been regularly marketed by the society ever since its inception. The other fruit crops like cashenuts and coconut have been marketed by the society only occasionally during the decade of nineties. Further, as for the mango, there has been considerable fluctuation in the value of sale of this fruit crop marketed by the society. This is evident from the fact that the total value of sale of mango of the RFPSS fell sharply from Rs.3,31,062 in 1993-94 to as low as Rs.23,046 in 2000-01 with a dramatic increase in the same to Rs.2,10,462 in 2001-02.

The fluctuations in the marketing of input and output of the RFPSS can be associated with losses incurred by the society during various phases of the overall period

between 1993-94 and 2001-02 considered insofar as various marketing activities of the society are concerned. Interestingly, in more recent times, the society has been distributing boxes among its member producers for the purpose of packing various fruit crops. This could be a strategy of the RFPSS to induce the farmers to sell their crops to the society. Such inducements are obvious to expect as in recent times the society has been incurring heavy losses and it intends to come out of the mess which it is passing through.

An overall analysis drawn from Table IV.4.3 clearly shows that, of late, the RFPSS is trying to concentrate only in the marketing of output rather than marketing both input and output. However, despite this effort, there is clear fall in its business. This is evident from the fact that its value of output as well as various input sale put together has gone down from Rs.2,23,477 in 2000-01 to Rs.2,13,812 in 2001-02. Undoubtedly, the efforts made by the society to introduce some additional facilities to its members can be considered as a positive feature/sign insofar as its marketing of mango alone is concerned. However, withdrawal of earlier facilities extended by the society to its members like sale of various inputs to them is certainly a disturbing aspect which will adversely affect the functioning of the society. Need of the hour is not to withdraw facilities extended to the members but to provide additional facilities to them. Unfortunately, the society has its own reasons to withdraw such facilities. It seems, this society has no clear cut strategy to overcome the situation it is passing through.

#### **4.4.2 Membership Pattern of RFPSS**

The membership pattern of the RFPSS according to caste, major occupation and land ownership status is shown in Table IV.4.4.

It is to be noted that out of 324 total members of the RFPSS about 35 per cent belong to higher caste and 64 per cent to other backward class, whereas the representation of scheduled caste in total membership of the society is hardly 1 per cent. Interestingly, out of 9 board members, as many as 5 among them are seen to belong to higher caste despite the fact that their representation in total membership of the RFPSS is lower as compared to OBC. Further, in spite of the fact that the total SC membership of the RFPSS itself is only three, one among them is seen to represent the board of management of the society.

A further analysis drawn from Table IV.4.4 reveals the predominance of cultivators and agricultural labourers in total membership of RFPSS. While about 40 per

cent of the total members of the society are seen to be exclusively cultivators, around 46 per cent among them not only have agriculture as their main occupation but also work as agricultural labour. The remaining 14 per cent of the total members of the society are seen to belong to the group which has both agriculture and service as their main occupation.

**Table IV.4.4: Distribution of Members as per Caste, Major Occupation and Land Ownership Status: RFPSS**

Sr. No.	Particulars	Society Members	Board Members	Total Village Households
<b>A</b>	<b>Caste</b>			
	1. General	115 (35.49)	5 (55.56)	780 (15.03)
	2. OBC	206 (63.58)	3 (33.33)	4150 (79.96)
	3. SC	3 (0.93)	1 (11.11)	260 (5.01)
	4. NT	-	-	-
	5. ST	-	-	-
	Total	324 (100.00)	9 (100.00)	5190 (100.00)
<b>B.</b>	<b>Major Occupation</b>			
	1. Cultivators (only)	129 (39.81)	9 (100.00)	2550 (49.13)
	2. Agril. Labour + Agril.	150 (46.30)	-	1300 (25.05)
	3. Service + Agril.	45 (13.89)	-	640 (12.33)
	4. Landless	-	-	700 (13.49)
	Total	324 (100.00)	9 (100.00)	5190 (100.00)
<b>C</b>	<b>Land Ownership Status</b>			
	1. Marginal	130 (40.12)	2 (22.22)	2950 (56.84)
	2. Small	47 (14.51)	6 (66.67)	920 (17.73)
	3. Medium	91 (28.09)	1 (11.11)	450 (8.67)
	4. Large -	56 (17.28)	-	170 (3.27)
	5. Landless	-	-	700 (13.49)
	Total	324 (100.00)	9 (100.00)	5190 (100.00)

Note: Figures in parentheses are percentages to the total

A break-up of members as per their land holding size reveals higher representation of marginal (40 per cent) category in total membership of the RFPSS, followed by medium (28 per cent), large (17 per cent) and small (15 per cent) category. Although the representation of small category in total membership of the society is the least, this category/group of farmers turns out to be dominating force in the decision making process of the society as 6 out of 9 board members of the society belong to this category. Further, all the board members are seen to be exclusively cultivators. This is a reflection of the fact that the decision making process of the society is motivated by cultivators, and, in particular, by the small category of farmers.

#### 4.4.3 Progress of RFPSS

The progress of the RFPSS over the past one decade in terms of broad quantitative parameters such as its membership, share capital base, reserve and other

funds, profit and loss pattern, marketing of various inputs and outputs, etc. is brought out in Table IV.4.5.

**Table IV.4.5: Membership, Share Capital, Reserve Fund, Credit, etc. of the RFPSS**

Year	Member-ship	Share Capital	Reserve & Other Funds	Profit	Loss	Dividend (%)	(Amount in Rs.)		Cred
							Fertilizer, Insecticides, Seed, etc. Sale	Mango, Coconut, Kokam, Graft, etc. Sale	
1992-93	258	158700	-	-	1375	-	-	-	
1993-94	NA	465200	200324	-	27275	-	-	331062	
1994-95	324	466400	200336	61893	-	-	495714	1603942	
1995-96	340	472900	200349	-	26854	-	830761	2002307	
1996-97	348	476100	200357	185174	-	-	535357	1248979	
1997-98	322	474800	200375	10444	-	-	410887	1672045	
1998-99	326	476800	180379	-	48819	-	426854	266004	
1999-00	327	478300	170382	-	70208	-	380288	145033	
2000-01	328	478800	170383	-	31634	-	200431	23046	
2001-02	331	480300	160386	-	49369	-	3350	210462	

Notably, the trend over the past one decade do not show any encouraging trend in terms of various parameters considered in Table IV.4.5. During the entire period between 1994-95 and 2001-02, the membership of the RFPSS remained by and large constant and hovered at around 330-340. The share capital base of the RFPSS grew only marginally, particularly after 1993-94. This could be evident from the fact there was hardly an increase of Rs.15,000 in share capital base of the society, which grew from Rs.4,65,200 in 1993-94 to Rs.4,80,300 in 2001-02. As against stagnant strength of membership and marginal increase in share capital base, the reserve and funds of the society rather declined from Rs.2,00,324 in 1993-94 to Rs.1,60,386 in 2001-02. As for the profit and loss pattern, it is to be noted that during the entire period between 1992-93 and 2001-02, the RFPSS had incurred more losses than profits. During the given period between 1992-93 and 2001-02, it was only during 1994-95, 1996-97 and 1997-98 that the RFPSS had made profit, otherwise most of the years of the given period were marked with heavy losses. The major losses incurred by the society were seen during the years of 1998-99 and 2001-02 when losses touched an amount to the tune of around Rs.50,000. The value of input sale of the RFPSS has drastically/dramatically fallen from Rs.4,95,714 in 1995-96 to as low as Rs.3,350 in 2001-02. The value of marketing of output of the RFPSS also fell sharply from Rs.20,02,307 in 1995-96 to as low as Rs.23,046 in 2000-01, though increased in the subsequent year to Rs.2,10,462 in 2001-02.

It can be further noted from Table IV.4.6 that there has been almost 100 per cent decline in the marketing of input of the RFPSS during the period between 1994-95 and 2001-02. Similarly, during the same period, there has been 87 per cent decline in the

marketing of output of the RFPSS. During this period, the turnover of the society has gone down by 76 per cent. Further, it is to be noted that, whether we consider gross or net profit, the entire period under consideration in Table IV.4.6 is marked with losses incurred by the society than profits made by the society.

**Table IV.4.6: Growth in Sales, Turnover and Net Profit of the RFPSS (Rs.)**

Year	Annual Sale / Business		Turnover	Gross Profit	Net Profit
	Input	Output			
1993-94	-	331062	370507	11020 (loss)	-
1994-95	449314 (0.00)	1650342 (0.00)	2685237 (0.00)	228648	61893
1995-96	710081 (58.04)	2115387 (28.18)	4047377 (50.73)	140275	-
1996-97	492857 (9.69)	1293379 (-21.63)	2937211 (9.38)	255958	185174
1997-98	342496 (-23.77)	1672045 (1.32)	3148476 (17.25)	133935	10444
1998-99	424269 (-5.57)	266004 (-83.88)	1305493 (-51.38)	18179	-
1999-2000	365080 (-18.75)	145033 (-91.21)	1098778 (-59.08)	7662 (loss)	-
2000-01	195020 (-56.60)	23046 (-98.60)	601351 (-77.61)	7642	-
2001-02	600 (-99.87)	210462 (-87.25)	635457 (-76.34)	22532 (loss)	-

Note: Turnover = Value of Input + Value of Output + Sale of Boxes + Receivables from Members, Traders, etc.

The foregoing observations are clearly indicative of the fact that ever since its establishment the RFPSS is caught with inefficient functioning. During the entire period between 1993-94 and 2001-02, there were only few years when the society had done good business in terms of marketing of input and output. But, the point that merits attention here is that its marketing activities – whether relating to input or output – are now shrinking and, as a result, it is on the verge of collapse. Unless, the RFPSS comes out with solutions to the problems or frames strategies to overcome the losses, it is difficult for the society to survive in the present day unfortunate scenario. Of course, the losses are not too heavy and the society can certainly become a winner if it strictly follows certain norms which are likely to improve the functioning of the society. However, it is left to the society to fix the norms to overcome the situation.

#### **4.4.4 Distribution of Net Profit of RFPSS**

Since in course of time RFPSS has turned into a loss making society, there is no distribution of net profit among various funds and activities (Table IV.4.7). The distribution of net profit for this society has, therefore, not been shown in this case study.

**Table IV.4.7: Distribution of Net Profit by the RFPSS (Rs.)**

Sr. No.	Particulars	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
<b>NO DISTRIBUTION OF NET PROFIT: LOSS MAKING SOCIETY</b>							

**4.4.5 Credit Position of RFPSS**

Although there is no provision of direct loan facility in terms of cash, the RFPSS has been supplying various inputs like fertilizer, pesticides, etc. to its members on credit basis. This is an indication of provision of indirect loan facilities in terms of kind. Details regarding the amount of indirect loan advances of the RFPSS to its members, numerical strength of borrowers, repayment of loan by the borrowing members and their numerical strength are brought out in Table IV.4.8 encompassing the period between 1996-97 and 2001-02.

**Table IV.4.8: Loan Advances and Repayment of the RFPSS**

Year	Loan Advances (ST) by the Society to Members for Fertilizer & Pesticides (in Kind)	No. of Borrowers	Loan Taken by the Society from Bank	(Amount in Rupees)		
				Repayment of Loan by the Members to the Society	No. of Borrowers Repaid Loans	Repayment of Loan by the Society to Banks
1996-97	491577	55	-	335657	35	
1997-98	341376	45	-	326399	40	
1998-99	411937	75	-	207318	65	
1999-00	-	-	-	-	-	
2000-01	195020	35	-	198453	15	
2001-02	-	-	-	63553	30	

Though the estimates shown in Table IV.4.8 do not reveal any clear cut trend insofar as the amount of indirect loans extended by the society to its members during the period between 1996-97 and 2001-02 is concerned, the conversion of estimates on per member basis, however, shows a clear fall in per member borrowing during the given period of time. The per member borrowing of the RFPSS has steadily declined from Rs.8,938 in 1996-97 to Rs.7,586 in 1997-98, and further to Rs.5,572 in 2000-01.

A further evaluation of Table IV.4.8 shows that during the entire period between 1996-97 and 2001-02, an amount to the tune of Rs.14,39,910 was extended by the society as indirect loan to its 210 members, indicating thereby per member borrowing of the order of Rs.6,857 during this period. Out of the total loans extended by the society during

the entire period, an amount of Rs.11,31,380 was repaid by its 185 borrowing members. This gives a clear indication that an amount of Rs.3,08,530 was not repaid by its 25 borrowing members during this period. This is also indicative of the fact that an amount of indirect loan to the tune of Rs.12,341 remains unpaid per borrowing member. Thus, the amount of per member unpaid loan turns out to be much higher at Rs.12,341 as compared to the amount of per member borrowing at Rs.6,857 during the entire period between 1996-97 and 2001-02. This further indicates that the amount of per member unpaid loan is almost twice the amount of per member borrowing during this period. This kind of default rate will certainly affect the functioning of the society. The RFPSS should, therefore, make concerted efforts to recover its unpaid indirect loans extended to its members if it intends to improve its financial health.

#### **4.4.6 Marketing Activity of RFPSS**

Ever since its establishment the RFPSS has been selling mango and other fruits procured by it from its members to various agencies, which not only include processing units, wholesaler, retailer and '*Mahamango*' but also commission agents and other private traders. Thus, the society is not confined to only one particular agency insofar as its marketing business is concerned. Whichever agency offers better or competitive rates, the society diverts its produce to it. Further, whenever the society sells the produce to the private trader, it charges Re.1 per kg of mango as commission from the private trader. Nonetheless, this society does not charge any commission from its farmer members while purchasing the produce.

Since the RFPSS does not have any transportation facility, the farmers make their own arrangement and transport mango from field to the society. The expenditure incurred in this transportation is entirely borne by the farmers. However, with a view to reduce farmer's transportation cost, the society has constructed a godown for the purpose of storing the produce. The godown is located in one of the seven villages that come under the purview of this marketing society. This village falls in the center and is by and large equidistant from the other six villages. The farmers are supposed to bring their produce to this village where the actual procurement by the society is done.

The society fixes procurement rates based on quality and variety of the produce, which is chiefly determined by the size of the mango. However, before fixing the procurement rates, the society first determines the prices of mango prevailing in Mumbai, Kolhapur and Belgaon markets for various varieties. Generally, the society uses



telecommunication as the means to determine such prices. The society makes the payment to the farmers on daily basis depending upon the rate prevailing on the day of procurement of produce from the farmers. Before marketing, grading of the produce is done by the society and good/better and poor quality produces are separated. The better quality produce is sold by the society on dozen basis in the Mumbai wholesale market, whereas the poor quality produce finds its place in the local market and it is sold on weight basis. It has been reported that about 10 per cent of the produce is lost due to bad weather conditions, poor post harvest handling and transportation. Further, it is to be noted that the poor quality mangoes are transported by the farmers as well as by the society in trucks without any packing, i.e. they are dumped in the truck in loose condition by using rice/paddy husk. The good quality produce, on the other hand, is packed in wooden boxes with proper grading.

The information relating to quantity of mango marketed by the society, average market prices with respect to mango crop, maximum and minimum prices prevailing during different months during the entire period between 1993-94 and 2001-02 is provided in Table IV.4.9, which also provides details regarding quantity of cashewnut sold by the society during 1995-96 and 1996-97, and also the maximum and minimum prices prevailing during different months as well as the average prices of the crop during these two years.

An analysis drawn from Table IV.4.9 reveals very wide fluctuations in the quantity of mango marketed by the society during different years of the period between 1993-94 and 2001-02. The average prices of mango have also fluctuated widely during this period. During the entire given period, the society sold maximum quantity of mango in 1993-94, followed by 2000-01 and 1995-96 when the quantity of mango marketed by the society crossed 200 quintals, whereas in other years the quantity of mango marketed by the society remained well in the range of 100-200 quintals. The lowest quantity of mango was sold by the society during 1996-97 and 1999-2000 when the marketed quantum remained at around 115 quintals. Further, it was only during 1998-99 when the society received relatively higher average prices of mango. The least average prices in this respect received by the society are seen during the period between 1994-95 and 1997-98. It is to be noted that since mango is a summer crop, the maximum and minimum prices received by the society were in the months of March, April and May.

**Table IV.4.9: Marketing Activity of the RFPSS**

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

Sr. No.	Year	Crop: Mango					
		Quantity Marketed (in Quintals)	Average Price (Rupees./Quintals)	Maximum Price		Minimum Price	
				Month	Price	Month	Price
1	1992-93	-	-	-	-	-	-
2	1993-94	330	1000	Apr.- May	1100	Apr.- May	900
3	1994-95	170	800	Mar.-Apr.	900	Apr.- May	700
4	1995-96	214	800	Mar.-Apr.	900	Apr.- May	700
5	1996-97	110	900	Apr.- May	950	Apr.- May	850
6	1997-98	190	800	Apr.- May	850	Apr.- May	725
7	1998-99	150	1600	Apr.- May	1700	Apr.- May	1500
8	1999-00	117	1300	Apr.- May	1400	Apr.- May	1200
9	2000-01	258	1100	Apr.- May	1200	Apr.- May	1000
10	2001-02	180	1100	Apr.- May	1200	Apr.- May	1000
				Crop: Cashewnut			
1	1995-96	190	6000	Mar.-Apr.	7000	March	4000
2	1996-97	8	6000	May	7000	Apr.- May	5000

It is to be further noted that while the RFPSS had marketed as much as 190 quintals of cashewnut during 1995-96, its marketed quantum declined drastically to only a meagre 8 quintals in the subsequent year of 1996-97. This is despite the fact that the average market prices received by the society for this fruit crop did not vary during these two years and remained at Rs.6,000 per quintal. March, April and May were the months when the society received maximum as well as minimum prices for cashewnuts.

During 2001-02, the RFPSS is seen to have sold the entire 180 quintals of mango through commission agent in the Mumbai wholesale market (Table IV.4.10). The total sale value of this fruit crop was estimated at Rs.2,10,462. In the marketing of mango, the society was seen to incur various expenses during various marketing operations. These expenses were mainly incurred on transportation, loading and unloading operations, and also with respect to commission and other market fees. The total expenditure incurred by the society in various marketing operations was seen to be Rs.6,248. This gives the net value of mango sale of the RFPSS during 2001-02 at Rs.2,04,214.

As for the marketing of mango, one of the major dissatisfaction shown by the society is in terms of transportation of the produce. The dissatisfaction is mainly owing to the fact that due to poor availability of transportation facilities from the society to the Mumbai wholesale market, the produce often damages because of bad road conditions. Not only this, the produce losses weight when there is delay in availability of truck for the transportation of produce. According to the society, the mango produce carries more weight at the time of procurement from the farmers, and the farmers are paid based on

these weights. However, after procuring the produce, the society has to divert the produce to the Mumbai wholesale market either through commission agent or through private traders. The main task before the society is now to find a truck to transport the produce. The delay in availability of truck obviously results in loss of weight of the produce, which the society has to bear as this produce now fetches lower price in the market as compared to the expected price.

**Table IV.4.10: Marketing of Produce by the RFPSS in 2001-02**

(Amount in Rs.)

Agency	Crop	Quantity Marketed (in Qtls.)	Sale Value (in Rs.)	Transportation Expenses (in Rs.)	Loading/ Unloading Expenses	Market Fee, Commission, etc.	Net Value (in Rs.)
1. Through Co-operative Society	-	-	-	-	-	-	-
2. Through Wholesaler/ Retailer	-	-	-	-	-	-	-
3. Through Commission Agent	Mango	180	210462	1995	2007	2246	204214
4. Through Processor	-	-	-	-	-	-	-

Another problem faced by the society is in terms of interference of private traders who prevent the farmers to sell the crop to the society. In order to lure the farmers, the private traders extend various kinds of facilities to the farmers, which not only include making advance payments to the farmers but also extension of loan facilities to them. Because of interference of the private traders, the farmers are reluctant to sell the crop to the society despite having faith on the board members of the society. Added to this, the farmers are also reluctant to sell the crop to the society as its financial condition has deteriorated over time.

In order to further evaluate the performance of the RFPSS in terms of the benefits extended by it to the farmers, an insight is also provided in the subsequent sections of this chapter with respect to the socio-economic profile of the sampled households drawn from one of the villages covered under the purview of the RFPSS with the extension to their cropping pattern, extent of income derived by them from various sources, the amount of loan received by them from the society, their deposit position with the society, quantity of inputs purchased and output sold by them to the society, besides recording their opinion regarding strengths and weaknesses of the society. These information are essential with a view to evaluate the impact of the RFPSS on the farmers.

#### 4.4.7 Socio-Economic Profile of Sampled Households

Distribution of households among various land holding size categories and caste groups, their average size of land holdings, literacy status of their head of the households, and their association with respect to various other cooperative societies are some of the aspects that are covered under socio-economic profile of the sampled households drawn from Vengurla taluka and from the villages of Ubhadanda, Adela, and Tulas.

Details regarding distribution of sampled households among various land holding size categories along with their average size of operational land holding are shown in Table IV.4.11.

**Table IV.4.11: Distribution of Sample Households as per Operational Holding  
(Taluka: Vengurla; District: Sindhudurg)**

Operational Holding Group	No. of Households	Average Operational Holding (Ha)
Small (Upto 2 Hectares)	5	0.88 (4.40)
Medium (2-4 Hectares)	3	3.57 (10.70)
Large (Above 4 Hectares)	2	7.20 (14.40)
Total	10	2.97 (29.50)

Note: Figures in parentheses are total operational holding

As can be discerned from Table IV.4.11, a total number of 10 sampled households were selected from the Vengurla taluka and from the villages of Ubhadanda, Adela, and Tulas. Among them, 5 households belonged to small category, 3 to medium and 2 to large category. The average size of land holding stood at 0.88 hectare for small category, 3.57 hectares for medium category, and 7.20 hectares for large category with an overall average of 2.97 hectares for the average category of sampled households. Thus, the average size of land holding of the sampled households drawn from Vengurla taluka and from the villages of Ubhadanda, Adela, and Tulas turned out to be lower than the average size of land holding of the sampled households drawn from the villages of Nahvi and Khanapur but higher than the sampled households drawn from the village of Vijaydurg.

A distribution of sampled households as per their caste group revealed out of 10 sampled households selected, eight belonged to higher caste and two to OBC. It is to be noted that all the five sampled households selected from medium and large categories were from higher caste, though any significance to this can not be assigned as these were samples (Table IV.4.12).

**Table IV.4.12: Distribution of Sample Households as per Caste Group  
(Taluka: Vengurla; District: Sindhudurg)**

Operational Holding Group	Higher Caste	Other Caste	S.C.	S.T.	Total
Small	3	2	-	-	5
Medium	3	-	-	-	3
Large	2	-	-	-	2
Total	8	2	-	-	10

A further analysis drawn from Table IV.4.13 showed that 50 per cent of the total sampled households attained education upto secondary level and the remaining 50 per cent were educated upto graduation level. As can be noticed, the educational status among large category of sampled households was much higher as compared to small and medium category as both the large category of selected sampled households were educated upto graduation level.

**Table IV.4.13: Distribution of Sample Households as per Education Status of the Head of the Household (Taluka: Vengurla; District: Sindhudurg)**

Operational Holding Group	Illiterate	Primary	Secondary	Graduate	Others	Total
Small	-	-	3	2	-	5
Medium	-	-	2	1	-	3
Large	-	-	-	2	-	2
Total	-	-	5	5	-	10

It could be again noted that though all the 10 sampled households were members of RFPSS, some of these households also showed their membership with other societies, which not only included their membership with credit societies but also in respect of their membership with urban cooperative banks and also with the Agricultural Produce Marketing Committee (APMC) Sale Purchase Society (Table IV.4.14).

**Table IV.4.14: Distribution of Sample Households as per Membership of Co-operative Society (Taluka: Vengurla; District: Sindhudurg)**

Operational Holding Group	Marketing Co-operative Society	APMC Sale-Purchase Society	Credit Co-operative Society	Dairy Co-operative Society	Others (Urban Co-op. Banks)
Small	5	1	3	-	1
Medium	3	1	3	-	-
Large	2	2	2	-	-
Total	10	4	8	-	1

Note: Total is exceeding as the same household is member of several co-operative society

As could be seen from Table IV.4.14, 80 per cent of the total sampled households were also members of credit cooperative society operating in their village. Similarly, 40 per cent among them showed their membership with APMC Sale Purchase Society. One of the sampled households was also seen to be a member of Urban Cooperative Bank. Thus, in general, the sampled households showed their association either with marketing related societies or with credit institutions.

#### 4.4.8 Cropping Pattern of Sampled Households

Cropping pattern of sampled households encompassing area allocation under various crops coupled with production of main and by-products in both quantity and value terms for different land holding size categories of sampled households is shown in Table IV.4.15.

The cropping pattern of sampled households clearly shows the predominance of mango among various crops cultivated by them. The area allocation under mango cultivation is seen to be as high as 55 per cent of the total cultivable area of these sampled households. The other important crops cultivated by these sampled households are cashewnut, coconut and paddy; each of these crops accounting for about 11-13 per cent share in total cultivable area. The less important crops in this respect are cocum and arecanut. These two crops are seen to account for 2-6 per cent share in total cultivable area of the sampled households.

**Table IV.4.15: Crop-wise Area and Production of Sample Households**  
(Taluka: Vengurla; District: Sindhudurg)

(Quantity in Kg; Value in Rs.; Area in Hectares)

Operational Holding Group	No. of hhs.	Mango					Cashewnut				
		Area Op.	Main Product		By Product Value	Total Value	Area Op.	Main Product		By Product Value	Total Value
			Qty.	Value				Qty.	Value		
Small	5	2.10	12850	308000	-	308000	0.75	815	29525	-	29525
Per hect.			6119	146667	-	146667		1087	39367	-	39367
Medium	3	6.80	42300	1044000	-	1044000	1.10	1250	45750	-	45750
Per hect.			6221	153529	-	153529		1136	41590	-	41590
Large	2	6.00	38300	929000	-	929000	1.20	1375	51125	-	51125
Per hect.			6383	154833	-	154833		1146	42604	-	42604
Total	10	14.90	93450	2281000	-	2281000	3.05	3440	126400	-	126400
Per hect.			6272	153087	-	153087		1128	41443	-	41443
			Coconut				Paddy				
Small	5	0.85	6900	19665	-	19665	0.20	650	3580	850	4430
Per hect.			8118	23135	-	23135		3250	17900	4250	22150
Medium	3	0.50	4267	13441	-	13441	0.50	1850	10175	2570	12745
Per hect.			8734	26882	-	26882		3700	20350	5140	25490
Large	2	2.00	19268	58767	-	58767	2.90	11550	72412	18100	90512
Per hect.			9634	29384	-	29384		3983	24970	6241	31211
Total	10	3.35	30435	91873	-	91873	3.60	14050	86167	21520	107687
Per hect.			9085	27425	-	27425		3903	23935	5978	29913
			Cocum				Arecanut				
Small	5	-	-	-	-	-	-	-	-	-	-
Per hect.											
Medium	3	0.60	150	46500	-	46500	0.30	250	9500	-	9500
Per hect.			250	77500	-	77500		833	31667	-	31667
Large	2	1.20	400	132000	-	132000	0.30	235	8578	-	8578
Per hect.			333	110000	-	110000		783	28593	-	28593
Total	10	1.80	550	178500	-	178500	0.60	485	18078	-	18078
Per hect.			344	99167	-	111563		808	30130	-	30130

Among various crops cultivated by the sampled households, mango is seen to have yielded the highest returns per hectare, followed by cocum, cashewnut, arecanut, paddy and coconut, in that order. Another interesting feature of Table IV.4.15 is the increase in productivity as well as returns with the increase in land holding size of the sampled households. This holds true for all the crops cultivated by the sampled households with the sole exception of arecanut. In the case of arecanut, the medium category of sampled households have shown higher yield as well as gross returns from their one hectare farm.

In general, one hectare mango farm is seen to have yielded a gross return of the order of Rs.1,46,667 for small category, Rs.1,53,529 for medium and Rs.1,54,833 for the large category with an overall average of Rs.1,53,087 for the average category of households. These estimates though show an increase in gross returns with the increase in land holding size of the sampled households, the increase in this respect, however, is not very distinct and medium and large category of farmers, in particular, are deriving similar returns from their one hectare mango farm. In the case of cashewnut too, various categories of sampled households have derived more or less similar returns from their one hectare farm, though there is a marginal increase in gross returns in the case of this crop with the increase in land holding size of the households. However, in the case of cocum, the returns per hectare are substantially high in the case of large farmers. The large category of households are seen to derive a gross returns to the tune of Rs.1,10,000 from their one hectare cocum farm as compared to only Rs.77,500 as derived by the medium category of farmers from their one hectare cocum farm. In general, one hectare cocum farm is seen to yield a gross return of the order of Rs.99,167 for the average category of household. The other crops like cashewnut, coconut, paddy and arecanut have not shown wide variations insofar as gross returns from one hectare farm for various categories are concerned, though showing by and large an increase in returns with the increase in land holding size of the households. In the case of cashewnut, coconut, paddy and arecanut, the per hectare gross returns for the average category of households are estimated at Rs.41,443, Rs.27,425, Rs.23,935, and Rs.30,130, respectively.

The foregoing estimates clearly show vast differences insofar as gross returns from various crops per hectare are concerned. Since gross returns from mango crop is seen to be substantially high, most of the sampled households concentrated in the cultivation of this important valued crop. The cultivation of other crops, despite lower

returns from them, can be associated to the fact that farmers need returns from their farms throughout the year, whereas mango crop yields returns only during summer season. Although mango farms/orchards yield substantially high returns, the entire cultivable area cannot be allocated to this particular crop because of variation in soil type. Obviously, the sampled households have grown a number of other crops, apart from their major mango crop on their fields. However, the point which requires attention is that very few farmers have cultivated cocum crop on their farms despite the fact that returns from it is substantially high. This is evident from the fact that hardly 6 per cent of the total cultivable area of the average category of sampled household is under this crop. The possible reason for this could be higher investment requirements in the cultivation of cocum crop. This could also be witnessed from the fact that none of the small category of sampled households are cultivating cocum crop on their farm. Nonetheless, it is to be noted that the major feature of Table IV.4.15 is that majority of the sampled households are concentrating on the cultivation of fruit crops rather than on foodgrain or other cash crops. This is a pointer to the fact that, of late, farmers are more positively inclined towards cultivation of high yielding horticultural crops as compared to foodgrain or other cash or oilseed crops. However, as the sample size is too low, a clear cut conclusion cannot be drawn in this respect.

#### **4.4.9 Net Income of Sampled Households**

The sampled households were seen to derive income from various sources which not only encompassed cultivation activity but also dairying, business and service. The magnitude of income derived by these sampled households from various sources is shown in Table IV.4.16.

The major source of income of the sampled households turned out to be cultivation activity. The average category of sampled household was seen to derive as much as 83 per cent of his total net annual income from this activity. The other important source of income is noticed to be business, accounting for nearly 9 per cent of the total net annual income of the average category of sampled household. The magnitude of income derived from service was found to be 5 per cent of the total net annual income of the average category of sampled household. Another less important source of income was found to be dairying activity. The average category of sampled household was found to derive only 3 per cent of his total net annual income from this activity. Interestingly, the share of income derived from cultivation activity in total net annual income increased



steadily with the increase in land holding size of the sampled households. It is to be further noted that though dairying is an important subsidiary occupation in rural areas, only large sampled households were seen to practice this activity. In fact, large category of sampled households derived 91 per cent of their total net annual income from cultivation and the remaining 9 per cent from dairying activity. The magnitude of income derived from business was found to be 13-14 per cent of the total net annual income of the small and medium categories of sampled households. Apart from cultivation and business, the small category of sampled households were also noticed to derive 14 per cent of their total net annual income from service. In general, various sources/activities put together generated a net per household annual income of the order of Rs.93,420 for small category, Rs.1,48,500 for medium, Rs.2,27,500 for the large category with an overall average of Rs.1,36,760 for the average category of sampled households.

**Table IV.4.16: Net Income of Sample Households from Various Sources**  
(Taluka: Vengurla; District: Sindhudurg)

(Amount in Rs.)					
Sr. No.	Sources	Small	Medium	Large	Total (Average)
1.	Cultivation	336100	388500	415000	1139600
	Per h.h.	67220	129500	207500	113960
		(71.95)	(87.21)	(91.21)	(83.33)
2.	Dairying	-	-	40000	40000
	Per h.h.			20000	4000
				(8.79)	(2.92)
3.	Agriculture Labour	-	-	-	-
	Per h.h.				
4.	Profession / Rural Artisan	-	-	-	-
	Per h.h.				
5.	Business	65000	57000	-	122000
	Per h.h.	13000	19000		12200
		(13.92)	(12.79)		(8.92)
6.	Service	66000			66000
	Per h.h.	13200			6600
		(14.13)			(4.83)
	Total	467100	445500	455000	1367600
	Per h.h.	93420	148500	227500	136760
		(100.00)	(100.00)	(100.00)	(100.00)

Note: Figures in parentheses are percentages to the total income

Thus, notably, the net per household annual income derived from various sources not only increased with the increase in land holding size of the sampled households but there were vast differences in this net per household annual income. The large category of sampled households were seen to derive 53 per cent higher net annual income as compared to medium category and as much as 143.52 per cent higher net annual income

when compared with small category. On the other hand, medium category derived nearly 60 per cent higher net annual income than the small category of sampled households. The possible reason for this vast difference in net annual income lies in the fact that since the large farmers are in a better position in terms of making investment requirements in mango and other fruit crop cultivation because of their better endowment of resources and economic position, they are the major gainers from the horticultural crop production.

#### **4.4.10 Deposits, Loans, Purchases and Sales of Sampled Households**

It could be noted that the major involvement of the sampled households with the RFPSS was only in respect of purchase of inputs from the society and sale of output to the society, and that the involvement of the households with the society in both the activities has been adversely affected in more recent times. Due to poor financial condition, the society during 2001-02 had almost withdrawn sale of inputs to its members. Further, it is to be noted that the sampled households are neither making any deposit in the society nor taking any direct loans from the society as there is no provision of direct loan advances to members of the RFPSS. Information relating to input purchased from the society by the sampled households and output sold to the society by them in value terms encompassing the period between 1996-97 and 2001-02 is brought out in Table IV.4.17.

A critical evaluation of Table IV.4.17 shows a steady increase in input purchased by the sampled households from the society during the period between 1996-97 and 2000-01, but, thereafter, as the society had almost withdrawn this facility, there was no input purchase by the sampled households. During the period between 1996-97 and 2000-01, large category, in particular, showed substantial increase in their input purchased from the society. But, in the case of medium category, there was rather marginal decline in this respect during the above period. The small category of households during this period showed a marginal increase in their input purchased from the society. Unfortunately, none of the sampled households purchased any input from the RFPSS during 2001-02 mainly due to the withdrawal of this facility by the society during this year due to losses incurred by it. Nonetheless, as for the period between 1996-97 and 2000-01, the average category of sampled household showed an increase in his per household input purchased from the society from Rs.1,920 in 1996-97 to Rs.2,520 in 2000-01, showing thereby 31 per cent rise in his input purchased from the society during this period.

**Table IV.4.17: Deposits, Loans, Purchases and Sales of Sample Households**  
(Taluka: Vengurla; District: Sindhudurg)

(Amount in Rs)

Sr. No.	Operational Holding Group	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
<b>1.</b>	<b>Deposits</b>						
	Small	-	-	-	-	-	-
	% + or -						
	Per h.h.						
	Medium	-	-	-	-	-	-
	% + or -						
	Per h.h.						
	Large	-	-	-	-	-	-
	% + or -						
	Per h.h.						
	Total	-	-	-	-	-	-
	% + or -						
	Per h.h.						
<b>2.</b>	<b>Loans</b>						
	Small	-	-	-	-	-	-
	% + or -						
	Per h.h.						
	Medium	-	-	-	-	-	-
	% + or -						
	Per h.h.						
	Large	-	-	-	-	-	-
	% + or -						
	Per h.h.						
	Total	-	-	-	-	-	-
	% + or -						
	Per h.h.						
<b>3.</b>	<b>Purchases</b>						
	Small	3800	4350	4700	3900	4000	-
	% + or -	0.00				5.26	-
	Per h.h.	760	870	940	780	800	-
	Medium	4000	4400	5400	4600	3800	-
	% + or -	0.00				-5.00	-
	Per h.h.	1333	1467	1800	1533	1267	-
	Large	11400	13200	15600	16200	17400	-
	% + or -	0.00				52.63	-
	Per h.h.	5700	6600	7800	8100	8700	-
	Total	19200	21950	25700	24700	25200	-
	% + or -	0.00				31.25	-
	Per h.h.	1920	2195	2570	2470	2520	-
<b>4.</b>	<b>Sales</b>						
	Small	49800	56650	11128	6717	1250	9200
	% + or -	0.00					-81.53
	Per h.h.	9960	11330	2226	1343	250	1840
	Medium	36000	38000	8800	8333	1000	9800
	% + or -	0.00					-72.78
	Per h.h.	12000	12667	2933	2778	333	3267
	Large	30000	33000	7680	8333	-	9600
	% + or -	0.00					-68.00
	Per h.h.	15000	16500	3840	4167	-	4800
	Total	115800	127650	27608	23383	2250	28600
	% + or -	0.00					-75.30
	Per h.h.	11580	12765	2761	2338	225	2860

As for the output sale, the sampled households had reasonably satisfactory involvement with the society during the initial years of the formation of the society. However, this association was seen to be adversely affected with the passage of time. And, the six years between 1996-97 and 2001-02 tell the story of this. We can very well see that there has been drastic fall in the volume of business done by the members with the society. All the categories of sampled households have shown a dramatic fall in their business with the society during the period between 1996-97 and 2001-02. The small category of sampled households have shown more sharp decline in their value of output sale to the society, followed by medium and large categories. In general, the per sampled household value of output sold to the society has declined from Rs.11,580 in 1996-97 to as low as Rs.2,860 in 2001-02, showing thereby as much as 75 per cent decline in this value during the given period of time.

The foregoing estimates clearly underscore the fact that as compared to other case studies conducted for various marketing societies operating in Jalgaon and Sindhudurg districts, the value of output sold to the RFPSS as well as input purchased from the RFPSS are very low in the case of sampled households drawn from the taluka of vengurla and villages of Ubhadanda, Adele and Tulas. Interestingly, the fluctuations in output sale to the RFPSS by the sampled households are in line with the fluctuations in procurement of output made by the society during the period between 1996-97 and 2001-02 (Tables IV.4.17 and IV.4.5). Further, it is to be noted that the average sampled household has shown a substantial income from his cultivation activity, which is as much as 83 per cent of his total net annual income (Table IV.4.16). And, among various crops cultivated by the average category of sampled household, mango alone accounts for 55 per cent share in total cultivable area of the sampled household (Table IV.4.15). This is clearly an indication of the fact that instead of selling their produce to the RFPSS, despite being members of the society, the sampled households are diverting their major produce to other private agencies operating in the area. Obviously, this is grossly affecting the business of the RFPSS insofar as the marketing of mango is concerned. In fact, ever since its inception, the RFPSS is not able to perform its business efficiently due to low levels of procurement from its members. The members, despite having faith in the society, are diverting very less quantity of their marketed surplus of mango to the society. As indicated earlier, the private traders have greater role to play in this unfortunate scenario as they influence the farmers to sell their produce to them rather than to the society. And,

in order to corner larger marketed surplus of the farmers, these private traders provide several facilities to them, which the society cannot afford to offer. This, in turn, has been affecting the marketing business of the RFPSS.

#### 4.4.11 Opinion of the Sampled Households Regarding Strength of RFPSS

Despite the fact that the RFPSS has shown poor or discouraging performance, particularly in more recent times, some of the sampled farmers/households who are also members of the society have opined their view in favour of the society in respect of certain facilities extended by it. The views of the sampled respondents expressed in this respect are enlisted in Table IV.4.18.

**Table IV.4.18: Distribution of Sample Households as per their Opinions Regarding Strength of the RFPSS (Taluka: Vengurla; District: Sindhudurg)**

Sr. No.	Opinions	Small	Medium	Large	Total
1.	The society provides remunerative rates for the produce and makes timely payment.	1	1	1	3
2.	The society helps in getting from banks for fertilizer and pesticides.	5	3	2	10
3.	The society makes the payment based on quality of produce through proper grading.	3	1	1	5
4.	The society does not cheat the farmers like private traders and provides guarantee for the payment.	2	-	-	2
5.	The society takes the responsibility for the marketing of produce	3	1	-	4
6.	The society extends guidance/advise to the farmer regarding harvesting of produce and application of various inputs.	1	1	1	3
7.	The society helps in packing, grading, canning, etc. of produce.	1	2	1	4

The major positive feature of the RFPSS is noticed to be in terms of helping its members to seek loans from banks for the purchase of inputs like fertilizer and pesticides. All the 10 sampled households have favoured the society for this positive feature. Fifty per cent of the sampled households also favoured the society for its payment based on quality and grading of produce. The society's help rendered in terms of packing, grading and canning of produce was favoured by 40 per cent of the sampled households. Similarly, some of the sampled households also aired their view in favour of the society, particularly in terms of providing remunerative rates and timely payment for the produce, and also in terms of guidance extended to them regarding harvesting of produce and application of various inputs, besides providing guarantee to the farmers/them in respect of making prompt payment. So, these are some of the positive features which weighed in favour of the RFPSS.

#### 4.4.12 Opinion of the Sampled Households Regarding Weaknesses of RFPSS

While some of the sampled households aired their view in favour of the RFPSS, there were many sampled households who were quite dissatisfied/unhappy with the practices or the procedures followed by the society. The dissatisfaction of the sampled respondents in this respect are enlisted in Table IV.4.19.

**Table IV.4.19: Distribution of Sample Households as per their Opinions Regarding Weakness of the RFPSS (Taluka: Vengurla; District: Sindhudurg)**

Sr. No.	Opinions	Small	Medium	Large	Total
1.	While the private traders extend loan advances to the farmers, the society does not indulge in such practices.	5	3	2	10
2.	Since the society does not buy the entire produce/fruit of the farmer, an effort should be made to buy the produce irrespective of its quality.	2	-	1	3
3.	On many occasions the society does not make payment on time.	1	1	-	2
4.	The society lacks processing facilities.	3	1	1	5
5.	The society does not put an effort to find new market avenues for the marketing of produce and depends on the same old market.	1	1	-	2
6.	The society does not provide local transportation facilities to the farmers for the transportation of their produce to the society	2	1	1	4
7.	The society deducts 10 % as commission from the payment due to the farmers.	2	1	1	4

It is to be noted that although the society indirectly helps its members to seek loans from various financial institutions, there is no direct loan facility available with the society. On the other hand, in order to lure the farmers, the private traders extend this facility to them. Because of non availability of direct loan facility, all the 10 sampled households showed their dissatisfaction with the society. Added to this, lack of availability of processing facility also weighed against the functioning of the society, and as many as 50 per cent of the sampled households aired their view in respect of this drawback of the society. Further, lack of availability of local transportation facility was cited by the sampled households as the other drawback of the society. Some of the sampled households were also unhappy with the society's practice of deducting 10 per cent as commission from the payments due to the farmers. Although the society is not functioning well, it seems it is still quality conscious as 30 per cent of the sampled respondents have aired their opinion in respect of society's reluctance to buy poor quality produce. Interestingly, a couple of sampled households also aired their view against the

functioning of the society, particularly in terms of untimely payment and the society's inability to find new market avenues for the marketing of produce, which could have yielded higher returns to them.

The foregoing were some of the reasons, as cited by the sampled households, that weighed against the functioning of the RFPSS. However, on closer scrutiny, many other reasons were discovered that led to poor functioning of the society.

#### **4.4.13 Major Reasons for the Failure of RFPSS**

The major reasons for the failure of the society are either cited in its annual reports or reported by the officials of the society, or by various other market functionaries/farmers dealing with the marketing of mango and other fruits and vegetables. The reasons for the failure of the society are delineated as follows.

1. The non-existence of truck or any other conveyance for the local transportation from the farmer's field to the society is one of the major reasons for the reluctance of farmers to sell their produce to the society, particularly in view of the fact that the private traders lift the produce from the farmer's field by sending their own vehicles. This problem is not only faced by the farmers but the society itself is facing the same problem. Since the society is not financially strong, it is unable to buy its own truck or tractor for the transportation of produce, which it procures from its members. As a result, it has to depend on hiring of trucks for such transportation to Mumbai or other wholesale markets. The delay in availability of trucks from private operators often causes damage to the produce procured by the society, which, in turn, leads to losses to the society.
2. As per the report furnished by the audit group, the society since its inception has untrained staff to deal with the marketing of mango. The staff not only lacks knowledge in terms of demand and supply of produce but also in respect of prices prevailing in various market centers, besides having poor grasp of knowledge about infrastructure related facilities relating to marketing of mango and other fruit crops. So, obviously, the society could never stand high because of its own untrained and unskilled staff.
3. It is to be noted that the society purchases mango plants to distribute or sell these plants to/ or among its members. However, because of inefficiency on the part of the staff of the society, these plants remain unsold during the year of purchase, and, as a result, the society has to incur expenditure on pesticides, insecticides,

water, etc. to keep the plant in the normal growing conditions, particularly in view of the fact that the society intends to sell these plants in the next year to its members/farmers. As a result, obviously, the society has to incur unnecessary expenditure on the upkeep of the plants, which could have been avoided had the society sold the plants in the year of purchasing the plants.

4. From the society's point of view, the strength of members is so less/low that it is not able to raise enough share capital base, which could have helped the society to regain from losses or helped the society to at least have its own transportation facility.
5. Another problem faced by the society, which surprisingly came out after discussion with various officials/staff, is relating to export trade of mango. The society was seen to be keen in exporting its mango to other countries, and it also tried this through 'Mahamango'. However, as the air freights were too high, it had exported it through ship. The transportation through ship was delayed and as a result the crop was damaged, which, in turn, had led to heavy losses to the society. This basically happened during 1998-99 when the society had incurred a loss to the tune of Rs.50,000. This had a chain reaction in terms of losses incurred by the society in the subsequent years.
6. The interference of private traders has also caused heavy losses or enough damage to the society. The private traders, generally, not only provide loan advances to mango cultivators but also make advance payments to them before the harvesting of the crop. As a result, the farmers are bound/forced to sell their crop to these private traders. This is despite the fact that they are members of the society and that their aim should have been to divert their produce through the society. The society, in turn, is deprived of its member's produce.
7. One of the reasons as to why the society had withdrawn selling inputs to its members could be traced in the fact that the society had extended/provided pesticides and fertilizers to its members on credit basis. However, by and large, all the recipients of these inputs on credit basis failed to repay the loan to the society, particularly during the last 2-3 years. As a result, in 2001-02, the society had withdrawn this facility.
8. Another problem which may not be considered as the drawback of the society but still may have some implications insofar as the marketing of mango is concerned,



is that the society charges Rs.10/- per dozen as commission from the farmers if the weight of the mango is between 300-350 grams. It charges Rs.5/- per dozen if the weight is between 200-300 grams, and if the weight is below 200 grams then the society charges 4 per cent of the total payment due to the farmers as commission since it is then considered/treated as mango meant for 'canning'. How far this practice is fair or feasible has to be reinvestigated in view of the fact that as to how other societies are making payments. But, this type of practice was not seen/noticed in the case of the society which showed success in terms of marketing of mango.

In brief, the foregoing observations clearly underscore the fact that the major reasons for the failure of the RFPSS mainly revolve around: (a) lack of transportation facility with the society, (b) unskilled and untrained staff, (c) inefficient management, (d) interference or dominance of private traders, who corner the major marketed surplus of the produce, (e) lack of recovery of loans extended by the society to its members, (f) unfair practices of the society in terms of payment for the produce, and (g) losses incurred by the society in the export trade of mango.

#### **4.5 Analysis of the Case Studies**

The entire discussion on the four case studies conducted in Jalgaon and Sindhudurg districts of Maharashtra brings us closer to certain major differing observations insofar as their functioning is concerned. 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 parameters are shown in Table IV.20.

The economic sustainability of NCFSS dealing with the marketing of banana is noticed to be very high as it has been making substantial profit ever since its inception. Not only this, it has accumulated substantial share capital base and reserve and other funds. The sustainability of DMGSS dealing with the marketing of mango is high to moderate as the profit profile of this society is not as strong as in the case of NCFSS. Moreover, the reserve and other funds of DMGSS are not as substantial as in the case of NCFSS. On the other hand, the KGFSS (involved in the marketing of banana) and RFPSS (dealing with the marketing of mango) have shown low economic sustainability as both the societies are incurring heavy losses over the past several years. The reserve and other funds and share capital base of these two societies are also too low.

Insofar as members centrality is concerned, the same ranking is assigned to the four societies as in the case of their economic sustainability. The reason being that the transactions in terms of marketing of input and output and involvement in other activities of the members of the NCFSS is quite high as compared to DMGSS, whereas the association of members with KGFSS and RFPSS is too low as these members are also diverting their produce to other private traders. As a result, these societies are deprived of their members produce.

In terms of association of societies with their members or member's participation in various activities of the societies, while NCFSS is assigned high ranking, the ranking of DMGSS stands at high to moderate. On the other hand, in this respect, the ranking of KGFSS and RFPSS turn out to be moderate to low.

Both NCFSS and DMGSS are assigned high ranking in terms of their business performance indulged in the marketing of banana and mango, respectively, and also in terms of sale of their inputs to members. Contrary to this, since the business activities of KGFSS and RFPSS are shrinking over time or showing a clear fall in course of time, these two societies are ranked low in this respect.

Interestingly, although the NCFSS is considered to be as one of the best societies dealing with the marketing of banana, it does not provide local transportation facilities to its members. The transportation of produce from farmer's field to the society is carried out by private traders. Because of non-availability of local transportation facilities for output as well as inputs, the NCFSS is ranked low in this respect. Similarly, RFPSS also does not provide any transportation facility to its members. In fact, RFPSS itself hires trucks for the transportation of mango and often delay in availability of such trucks from private operators spoils the produce/mango procured by the society. The RFPSS too is, therefore, ranked low in terms of transportation facility. On the other hand, the KGFSS and DMGSS are assigned high to medium scores in terms of local transportation facilities extended by them to their members as they either bear local transportation expenses incurred by the farmers/private traders or send their own trucks/tractors to lift the crop from the farmer's field. An explanation of this is provided in more detail within the specific case studies.

The agrarian structure was noticed to be favourable in the case of all the villages in which the four selected societies were located. One of the reasons for giving high rank to all the selected societies in respect of agrarian structure stems from the fact that the

medium and large categories of farmers belonging to higher and other backward class (OBC) were the dominating force in the decision making process and having control over the societies. In the case of NCFSS, 'Leva Patedar' (an OBC group) showed higher representation not only in the membership of the society but also in its board members. Similarly, in the case of KGFSS, the OBC group had higher stake not only in its membership but also in respect of membership in the board of management of the society. In the case of DMGSS and RFPSS, the higher caste and OBC group were seen to have not only substantially higher strength in the membership but also control on the board of management of the societies. The medium and large categories of farmers belonging to higher caste and OBC in all the four societies were not only strong in terms of their political background but also in respect of their socio-economic conditions.

In none of the case studies, role of state government is noticed as the government is neither acting as facilitator nor in terms of exercising control in the marketing of banana and mango crop. All the four selected societies are doing business as per their own regulations. As a result, all the four selected societies have been ranked low in respect of role of government in interfering the business of these societies.

As for the competition, both KGFSS and RFPSS have to face stiff competition from private traders as they are the dominating force in the villages where these two societies are located. In order to lure farmers-members, these traders use several manipulative practices, which not only include extending advance payments to the farmers before the harvesting of produce but also in terms of several other credit related facilities. The level of competition faced by the KGFSS and RFPSS is very high from private traders. A moderate level of competition from private traders is also noticed to be faced by NCFSS and DMGSS. However, because of their fair trade practices and several facilities extended by them to their members, these two societies are noticed to be quite capable of counteracting the trade practices of the private traders. The NCFSS, in particular, is so efficient in its business performance that all the banana crop growers, whether members or non-members, have full faith in the working of the society. As a result, the private traders have less/moderate role to ply in influencing the banana crop growers.

All the four villages selected for case studies have high cultural heritage. The farmers in these villages follow the ideology of their leaders, many among whom were freedom fighters. Sindhudurg district, in particular, is famous for its historical

background. The 'Sindhudurg Fort' was constructed by 'Peshwas' and, therefore, the entire district has strong cultural heritage. The NCFSS located in the village of Nahvi of Jalgaon district follows the ideology of Shri Dadasaheb Jivaram Tukaram Mahajan, who was not only former state Home Minister and founder Chairman and Director of the society but also a freedom fighter. Because of his ideology and political background, the farmers are highly influenced by him.

The socio-economic homogeneity of members is noticed to be moderate in the case of NCFSS as well as KGFSS as majority of their members are medium and large land size holders belonging to OBC or higher castes. However, in the case of DMGSS, the socio-economic homogeneity is high to moderate as there are several other lower caste members, though the majority belong to OBC and higher castes. As for the RFPSS, the socio-economic homogeneity of members is again noticed to be moderate as its membership is dominated by OBC and higher caste farmers belonging to marginal and large categories of cultivators.

The physical proximity and compactness in terms of geographical distance of villages covered is noticed to be high in the case of NCFSS, KGFSS and RFPSS as all the villages falling under the umbrella of these societies are within the radius of 15-20 kms. However, in the case of DMGSS, this physical proximity and compactness in the geographical distance of members is moderate as the society covers 35 villages in the radius of 50 kms. from the society.

Except for RFPSS, all the other three societies viz., NCFSS, KGFSS and DMGSS are not only engaged in the marketing of output and inputs but also in extending direct credit to their members. Even in more recent times the RFPSS was indirectly involved in the financial activities in the sense that it was extending fertilizer and pesticides to its members on credit basis. However, poor financial health and recovery related problems did not allow the society to continue this facility to its members. Since all the four societies are noticed to be engaged in multiple activities, the potential loss due to collective inaction seems to be high for all these societies.

The existence of internal interest-cum-entrepreneurial groups in extending dedicated and efficient leadership is quite high in the case of NCFSS and DMGSS. The members of these two societies have full faith in the decision making process of their societies as the leaders are not only knowledgeable in terms of their grasp over application of modern technology but also are quite aware of market forces.

**Table 4.20: Factors Influencing Demand for and Supply of Action Plans and Success of Collective Action in Co-operative Business**

Sr. No.	Particulars	Name of the Society			
		Jalgaon District		Sindhudurg District	
		NCFSS (Success)	KGFSS (Failure)	DMGSS (Success)	RFPSS (Failure)
	<b>Success Indicators</b>				
	1) Economic Sustainability	H	L	H/M	L
	2) Member Centrality	H	L		
	3) Member Participation & Director Demand Factors	H	M/L	H/M	M/L
<b>A</b>	<b>Core and Major Activity Characteristics</b>				
	A <sub>1</sub> Non-standard attributes (including indivisibility) of production/marketing, processes and inputs in which the co-operative has comparative advantages in handling	H	L	H	L
	A <sub>2</sub> Transportability of Inputs and Outputs	L	H/M	H/M	L
<b>B</b>	<b>Context Characteristics</b>				
	B <sub>1</sub> Agrarian structure strengthening the socio-economic and political status of the dominant groups	H	H	H	H
	B <sub>2</sub> Role of the state	L	L	L	L
	B <sub>3</sub> Nature of competition	M	H	M	H
	B <sub>4</sub> Relevance of ideology and cultural heritage	H	H	H	H
<b>C</b>	<b>Member Characteristics</b>				
	C <sub>1</sub> Socio-economic homogeneity	M	M	H/M	M
	C <sub>2</sub> Physical proximity and compactness	H	H	M	H
	C <sub>3</sub> Potential loss due to collective inaction	H	H	H	H
<b>D</b>	<b>Leadership Characteristics</b>				
	D <sub>1</sub> Existence of internal interest-cum-entrepreneurial group	H	L	H	M/L
	D <sub>2</sub> Leader's access to members	H	L	H	M
	D <sub>3</sub> Leadership's capability for envisaging co-operative activities compatible to member's resources and endowments	H	L	H	L
	D <sub>4</sub> Leadership's back-up knowledge and grasp over application of modern technology	H	M	H	M
	D <sub>5</sub> Leadership's vision and capacity to conceptualize paternalistic/welfare activities for strengthening member loyalty and rope in potential members	H	L	H	L
	D <sub>6</sub> Leadership's ability and willingness to groom future leadership	H	L	H	L
	<b>Direct Supply Factors</b>				
	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 behaviour on the part of each of the following internal stakeholders				

Sr. No.	Particulars	Name of the Society			
		Jalgaon District		Sindhudurg District	
		NCFSS (Success)	KGFSS (Failure)	DMGSS (Success)	RFPSS (Failure)
	i) Various categories of members (incl. Normal members)	H	L	H	L
	ii) Non-members	H	L	H	L
	iii) Employees (incl. Professionals)	H	L	H	L
	iv) Board	H	L	H	M/L
	v) Higher-tier bodies	H	M/L	H	L
	vi) Outside supplies of inputs/services	H	L	H	L
	b) Tap the following economies				
	i) Economies of scale/bargaining power	H	M/L	H	M
	ii) Economies of scope	H	M/L	H	L
	iii) Economies of value addition	H	M/L	H	L
	c) Achieve autonomy/independence in functioning of the co-operative vis-à-vis the outside environment	H	L	H	L
	d) Be able to generate allies for lobbying in the interest of safeguarding and promoting its interest	H	L	H	L

H = high; M = moderate; L = Low; H/M = high to moderate; M/L = moderate to low;

NA = Not applicable

Based on a 'Model' of study by Datta and Kapoor

In order to strengthen the loyalty of their members, the leaders or the management controlling the NCFSS and DMGSS extend several incentives to their members like extending fertilizer, pesticides, seeds, plants, boxes for packing, etc. on subsidized rates. Besides, they also help 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. It is to be noted that in the case of NCFSS, the Chairman of the society has remained unchanged over the last four decades. He is also Chairman of sugar factory and President of several educational institutions. However, as his age is now 79 years and because of his old age he is certainly putting enough efforts to groom future leadership in young/new generation. Similarly, the Chairman of DMGSS is also trying to groom future leadership in new generation.

In the case of KGFSS, the existence of internal interest-cum-entrepreneurial group in providing dedicated and efficient leadership is very low as the members of the board are reported to be 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 have gradually lost faith in this society. Majority of the members farmers of this society are reluctant to sell their crop because of losses incurred by the society, which in turn is due to inefficient management of the society. Although the leaders of the society

are moderately educated and have knowledge about modern trade practices, they do 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 are now diverting their produce to other private traders. This certainly has some adverse implications insofar as the functioning of the society in future is concerned.

As regards the leadership characteristics of RFPSS, there are similar observations as in the case of KGFSS. However, as compared to KGFSS, the RFPSS is relatively better insofar as existence of internal interest-cum-entrepreneurial group in providing guidance is concerned, and also in terms of their excess to members and imparting knowledge to them about modern technology is concerned. It is to be noted that 3 out of 9 board members of the RFPSS are only seen to put efforts or involve themselves in various business activities of the society, which not only include searching for markets for the marketing of produce, traders, transport facilities, etc. but also in terms of finding prices/rates prevailing in various market centers. Further, it is noticed that although the members have faith on the board of management of the RFPSS, they are reluctant to sell their produce/crop to the society because of the interference of private traders who prevent them to sell the crop to the society by extending various facilities to them. Further, the farmer-members have stopped selling their produce to the society due to its poor financial health. Interestingly, although the board members are reported to be having adequate knowledge and awareness about the modern technology and scientific methods of farming, their inability to impart with their knowledge is associated with lack of funds available with the society. However, a positive feature of the board members is that they try to interact with member-farmers and motivate them to sell their produce to the society. The society is certainly trying to come out of the phase it is passing through, particularly in terms of losses incurred by the society in the past few years. But, the efforts may prove futile in view of the fact that the predominance of private traders is increasing fast ever since the society started showing losses and that they are successful in inducing farmers to sell their produce to them rather than to the society. The future of this society is certainly in bleak. Basically, leadership's ability and willingness to groom future leadership is a big question as the society is in poor financial condition. And, obviously, the score in this respect is very low.

In respect of supply side action plans, which have been delineated in more detail within specific case studies, the NCFSS and DMGSS have 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 are quite high in the case of both the above societies. On the other hand, in the case of KGFSS and RFPSS, this role, particularly in respect of members and non-members, employees, board members and higher tier bodies is 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.

It is to be noted that due to strong financial position of NCFSS and also relatively less but still sound financial health of DMGSS, these societies have shown autonomy/independence in their functioning. These two societies have shown, by and large, perfect knowledge about the market forces and their business activities in accordance to the market situation. On the other hand, the KGFSS and RFPSS have shown poor grasp either in terms of studying the market forces or shown inefficiency because of their own internal drawbacks in terms of managing the societies or their own personal interests involved in the functioning of the society, which in particular holds true in the case of KGFSS. These two societies are unable to generate allies for lobbying to safeguard as well as promoting their own interests and the interests of their members, whereas NCFSS and DMGSS are quite successful in such lobbying and promotional interest related activities.

\*\*\*\*\*



## CHAPTER – V

### SUMMARY AND CONCLUSIONS

For the development of agricultural sector in India, improvement in the marketing mechanism of various agricultural commodities in general and fruits and vegetables in particular is a must. Although the National Agricultural Policy (NAP) document released in July 2000 envisages agricultural growth rate in excess of 4 per cent per year over the next two decades, the achievement of this growth to a greater extent depends on infrastructure development for horticulture sector with a view to raise not only the horticultural production base but also the marketed surplus of these high value crops in the country. It is to be noted that the NAP recognizes the crucial role of agricultural marketing when it proclaims to promote “growth that is demand driven and caters to domestic markets and maximizes gains from exports of agricultural products in the face of the challenges arising from economic liberalization and globalization”. Nonetheless, though the era of liberalization ushered in since 1991 and various trade policy measures adopted by the Government in more recent times have opened up new vistas and opportunities for agricultural exports from India, the advent of globalization, liberalization and privatization have also given rise to newer kinds of challenges before the country that requires some bold initiatives on the part of policy makers.

In the current context of globalization, liberalization and privatization scenario, the present marketing system, which was essentially evolved earlier to cater to the requirement of growing population and planned development of the country, needs to be reviewed. 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 emphasised 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. It is also further expected that the post-WTO world order will further put increasing pressure on the agricultural marketing system and trade practices of various agricultural commodities. However, the improvement in marketing mechanism of various agricultural commodities in view of competitive conditions prevailing in the present

milieu chiefly depends on the success of cooperative marketing in India as it forms the core of the entire marketing system of agricultural commodities in the country.

As for the agricultural cooperative marketing system in India, it is noticed to be beset with several positive features as well as deficiencies in its functioning. The factors responsible for the success of cooperative marketing in India, though they are crop or region specific, could be traced in emergence of local service oriented leadership, unique crop characteristics, favorable socio-cultural milieu, evolution of need based strategy, enterprise oriented organizational framework, support of government and emergence of dedicated and vibrant professional management. Despite the existence of these factors responsible for the success, cooperative marketing network in India is still considered to be weak mainly because of several deficiencies encountered by it. In fact, there are more failure than success stories insofar as cooperative marketing is concerned. The success achieved so far can be considered as modest if compared with the need and potential available for co-operative marketing. In the present day scenario, there are several challenges posed before cooperative marketing sector in India, mainly due to the emergence of certain negative factors like erosion of values, decline in service oriented leadership, absence of professional management, tendency to depend too much on government help and financial support, adverse impact of rigid bureaucratic response, outdated legal framework, absence of knowledge based market orientation, etc. In the era of liberalization and globalization, the challenges posed before the co-operative marketing societies will further aggravate.

In view of deficiencies in co-operative marketing network and recognizing the significance of various emerging problems and issues facing the co-operative marketing system, the Directorate of Economics and Statistics of the Ministry of Agriculture, Government of India had suggested several AERCs operating in India to undertake a common study on "Co-operative Marketing Societies: Reasons for Success and Failure". The AERC, Pune is one among the centers, which has undertaken this study for the state of Maharashtra.

The study, carried out in the state of Maharashtra, has its foci on evaluating the strengths and weaknesses of various marketing cooperatives with a view to formulate policies relating to rejuvenation of these cooperatives. The suggestions extended in this study should provide a framework for developing and strengthening cooperative marketing system in India.

### **5.1 Objectives of the Study**

The specific objectives of the study were as follows:

1. To review the progress of co-operative marketing of important crops in the state of Maharashtra.
2. To undertake four case studies to identify factors responsible for success/failure of co-operative marketing societies.
3. To suggest measures for improving the performance of co-operative marketing.

### **5.2 Methodology**

The present investigation is chiefly based on four in-depth case studies conducted on co-operative marketing societies operating in the state of Maharashtra. The case studies were conducted in Jalgaon and Sindhudurg districts of Maharashtra. Jalgaon district was specifically selected for the study of multipurpose societies dealing mainly with the marketing of 'banana'. Similarly, Sindhudurg district was purposely selected for the study of multipurpose societies chiefly engaged in the marketing of 'mango'. 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 multipurpose societies and that having a history of at least 10 years of business. Similarly, two talukas namely Deogad and Vengurla were selected from Sindhudurg district for evaluating the success and failure cases. Four different types of schedules were constructed for the collection of necessary data. These were 'Household Schedule', 'Leadership Schedule', 'Primary Marketing Society schedule', and 'Performance Appraisal Schedule'. Further, it was decided to select 10 households from each of the four villages where the case studies were conducted. In all, 40 households were covered from two selected districts for the present investigation. The study was conducted during 2003-04.

### **5.3 Co-operative Marketing Structure in Maharashtra**

The co-operative marketing has four tiers of organizational structure in the state of Maharashtra with producer members constituting the smallest unit of the entire enterprise. The four tiers of the cooperative marketing structure discernible are: the National Agricultural Marketing Federation of India Ltd. (NAFED) functioning at apex level, the Maharashtra State Co-operative Marketing Federation Ltd., Mumbai, operating at state level, Central Marketing Societies operating at district or central level under State

Marketing Federation, and Primary Co-operative Marketing Societies (PCMS) functioning at village level under the regulation of central marketing societies.

The PCMS operating in the state of Maharashtra have done their business reasonably well as not only their paid-up and working capital but their sales of various agricultural produce and requisites have also grown substantially during the period between 1984-85 and 1997-98, aside from showing impressive recovery of loans extended by them during this period (Table 5.1). The amount of profit made by these PCMS operating in Maharashtra have grown at faster rate as compared to amount of loss incurred by the societies, so much so that the amount of profit made by them exceeded amount of losses incurred by them during 1997-98. The major reasons for this remarkable progress of PCMS operating in Maharashtra may be assigned to higher literacy level and enterprising nature of farmers, government support, flow of dedicated leadership amongst them, and the facilities extended to them by various financial institutions, including NABARD.

#### **5.4 Progress of Fruits and Vegetables (F & Vs) Marketing Societies in Maharashtra**

The F & Vs marketing societies operating in Maharashtra have shown tremendous growth in their various performance indicators during the period between 1984-85 and 1997-98, particularly in respect of their working capital, paid-up capital, and value of sales of agricultural produce, requisites and consumer goods (Table 5.2). Nonetheless, the disquieting trends of the F & Vs societies are in terms of loans extended by them and their recovery, which have declined sharply in 1997-98 over that of 1984-85. There are certainly some of the deficiencies that the F & Vs marketing societies operating in Maharashtra are beset with. Efforts, therefore, should be made to rectify these deficiencies in the functioning of these societies dealing with the marketing of high value crops. However, the fact can not be ignored that the amount of profit made by these F & Vs marketing societies operating in the state of Maharashtra have grown over 700 per cent in 1997-98 as compared to the reference year 1985-4-85.

#### **5.5 Profile of Selected Districts**

The selected sampled districts of Jalgaon and Sindhudurg of Maharashtra presented us with differing scenarios insofar as their topography and agro-climatic conditions are concerned, aside from differences in their working population, land utilization and cropping pattern and dependence of these districts on irrigation facilities. While the dry district of Jalgaon of Maharashtra showed lower proportion of total

population as workers as compared to the district of Sindhudurg, the wet district of Sindhudurg was seen to be marked with very low proportion of total geographical area under cultivation (Tables 3.3 and 3.6). Further, while Sindhudurg district was entirely dependent on surface irrigation, well was the major source of irrigation in the dry district of Jalgaon. Because of agro-climatic differences, both Jalgaon and Sindhudurg districts showed considerable difference in their cropping pattern. While cereals and horticultural crops dominated the cropping pattern of Sindhudurg district, the crops like cotton, *jowar* and pulses crops, in particular, had much higher share in total GCA of Jalgaon district. Between the two districts selected for the present investigation, the female population in Sindhudurg district was much higher than male population, revealing sex ratio in favour of females. Thus, both the sampled districts differed significantly insofar as their socio-economic and other characteristics are concerned.

### 5.6 Case Studies Pertaining to Co-operative Marketing Societies in Maharashtra

An in-depth study has been performed for the following four co-operative marketing societies operating in the state of Maharashtra:

Sr. No.	Name of the Society	Village	Taluka	District	Type of Case
1	Nahvi Co-operative Fruit Sale Society	Nahvi	Yaval	Jalgaon	Success
2	Khanapur Group Fruit Sale Co-operative Society	Khanapur	Raver	Jalgaon	Failure
3	Deogad Taluka Mango Growers' Co-operative Sale Purchase Society	Vijaydurg	Deogad	Sindhudurg	Success
4	Rameswar Fruit Sale Society	-	Vengurla (located in the Taluka head quarters)	Sindhudurg	Failure

Among these four societies, the first two deal with the marketing of banana and the remaining two are engaged in the marketing of mango. The first society dealing with the marketing of banana represents success case, whereas the second one is treated as failure case. Similarly, in the case of society engaged in the marketing of mango, the first one is considered as success case and the other one as failure case.

#### 5.6.1 Nahvi Co-operative Fruit Sale Society (NCFSS)

The NCFSS, located in the village of Nahvi, is around 20 kms. from Yaval taluka of Jalgaon district. The society came into being on 2<sup>nd</sup> Sept., 1962. 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, besides reporting improper weight of the produce to them. 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. Ever since its establishment, the NCFSS has been catering to the requirements of farmers belonging to four villages located around it, including the village of Nahvi. Shri Dadasaheb Jivaram Tukaram Mahajan, formerly holding the post of state Home Minister, is the founder Chairman and Director of the society.

About 94 per cent of the total 196 members of the NCFSS belong to the other backward class (OBC: Leva Patedar) and that the representation of higher caste in its membership is hardly 5 per cent. Further, out of total membership of 196, 11 members are seen to have their representation in the board of management of NCFSS. All these members are medium and large categories of cultivators belonging to OBC.

#### **5.6.1.1 Business Activities and Progress of NCFSS**

The NCFSS has been regularly marketing fertilizer input ever since its inception. In due course of time the society has shown considerable growth in its fertilizer sale. The value of fertilizer sale of the NCFSS is seen to have increased from Rs.73,659 during 1961-62 to Rs.32,28,628 by 2001-02, showing thereby about 44 times rise in its fertilizer sale over the past four decades (Table 5.3). Like fertilizer, there has been several folds rise in the sale of banana. The value of sale of banana of NCFSS has grown from Rs.4,65,781 during 1961-62 to as high as Rs.2,62,28,950 by 2001-02, showing thereby 56 times rise in its banana sale over the past four decades. Similarly, the amount of credit extended by the NCFSS has grown from Rs.41,516 during 1961-62 to as high as Rs.9,97,881 by the year 2001-02, indicating 24 times rise in loan advances of NCFSS to its members over the past four decades.

Although during the past two decades the NCFSS showed a declining trend in its membership and share capital, 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 and a marked increase in its dividend declared to its members (Table 5.4). On the other hand, the profit profile of the NCFSS and the amount of credit extended by it to its members was found to have fluctuated considerably during this period. The net profit earned by the NCFSS was seen to decline from Rs.1,31,386 in 1985-86 to Rs.59,922 in

1991-92 with an increase in the same to Rs.1,62,630 in 1995-96, and further to Rs.2,94,213 in 2001.02.

As for the marketing, the society not only provided remunerative procurement rates to its members but also indulged in fair weighing practices. The procurement rates were fixed by the society on the basis of weight of the produce. The society provided Rs.6/ quintal additional procurement rate to the farmers for every additional one kg weight of banana bunch above 10 kgs. weight. This was quite healthy practice as it helped the society to procure better quality produce from the farmers.

It could be further noted that in the case of banana procured by the society, the procurement prices were fixed based on the first auction of the produce taking place in Brahanpur marketing center located in Madhya Pradesh. Generally, banana procurement rates were decided in this initial auction and these rates were applied throughout Jalgaon district. However, the society was getting marginally higher rates from the private traders than the rates decided in Brahanpur marketing center, chiefly because of its superior quality of produce. The farmers selling produce to the society received average rates after one month based on 30 days sale proceeds of the produce by the society to the traders. The society charged 3 per cent commission from the payment due to the farmers. Although the society was making payment to the farmers after one month, the society, on the other hand, received payment after one week from the private traders.

#### **5.6.1.2 Major Problems Faced by the NCFSS**

The entire banana crop procured by the society was traded in the domestic market through private trader. This was 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 of 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 marketing of banana, especially in terms of MIS and also in respect of providing information relating prices prevailing in various export markets.

#### **5.6.1.3 Socio-Economic Profile and Other Features of Sampled Households**

The total strength of sampled households drawn from the village of Nahvi was 10. Among these selected sampled households, 4 belonged to small category, 3 were in

medium category, and the remaining 3 in large category. The average size of land holding stood at 3.06 hectares for the average category of household. Further, all the sampled households belonged to the caste of Leva Patedar which fell under OBC. In general, the educational status of small and medium categories of households was higher as compared to large category.

The crops that dominated the cropping pattern of sampled households were banana, hybrid *jowar*, cotton and groundnut. Some of the pulses crops like *udid*, *tur*, *moong* and gram were also seen to be cultivated by these sampled households. The per hectare gross returns on the farms of an average category of sampled households were estimated at Rs.16,153 for cotton crop, Rs.1,41,809 for banana, Rs.12,429 for hybrid *jowar*, Rs.28,612 for groundnut, Rs.11,604 for *udid*, Rs.13,190 for *tur*, Rs.7,500 for *moong*, Rs.60,000 for ginger, Rs.56,250 for brinjal and Rs.10,667 for gram. These estimates could be considered as symptomatic of the fact that banana, *brinjal* and ginger were the only crops that yielded higher gross returns to the sampled farmers. And, among these crops, banana was the only crop that yielded substantially high returns to the farmers. In general, the average category of sampled household earned a net annual income to the tune of Rs.2,01,868.

#### **5.6.1.4 Reasons For the Success of NCFSS**

The major reasons that weighed in favour of the functioning of the society 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.

Apart from these reasons, the major factor that weighed in favour of the success of the society was its positive role in increasing supply and demand of the crop. Since the society was quite quality conscious, it always gave foremost priority to procure good quality produce. 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 to the produce marketed by this society. This in turn ensured rise in demand for the crop marketed by this society. Further, 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.

#### **5.6.1.5 Suggestions For NCFSS**

It is to be noted that majority of the total sampled households were not satisfied with the 3 per cent commission charged by the society from their payment. Similarly, a significant section of the sampled respondents were quite unhappy with the nearly 10 per cent annual rate of interest charged by the society on loan advances to them, which they felt was quite high than the market rate. The lack of availability of storage and related facilities was another reason for their dissatisfaction. A few sampled respondents also showed their dissatisfaction with the society mainly because of the fact that it could not trade their banana produce in the export market. Certainly, the dissatisfaction showed by the sampled respondents weighed less than the satisfaction showed by them. However, some of the dissatisfactions showed by the respondents could be considered as suggestions to the society to improve its functioning in the light of protecting the interest of its farmer members.

#### **5.6.2 Khanapur Group Fruit Sale Cooperative Society (KGFSS)**

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. 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 and their other needs relating to inputs. Ever since its establishment the KGFSS has been catering to the requirements of the farmers belonging to ten villages located around 15 kms. from the society.

##### **5.6.2.1 Business Activities and Progress of KGFSS**

The KGFSS has shown unsatisfactory performance not only in respect of marketing of input but also marketing of output. The fertilizer input sold by the KGFSS has declined by 50 per cent in value terms in 2001-02 over that of 1983-84 (Table 5.3). Although, as against fall in the marketing of fertilizer, the value of sale of banana output

of the KGFSS has grown over time, this increase may not be considered impressive as there is hardly 300 per cent rise in the sale of banana output of this society over the past two decades. Similarly, credit extended by this society to its members has grown only by 450 per cent in 2001-02 over that of 1982-83. Unlike the NCFSS, which showed 40-50 times rise in its marketing and other activities over the past 3-4 decades, this society has shown very poor performance not only on the marketing front but also in terms of extension of credit to its members over the past two decades.

Out of 896 total members of the KGFSS, about 39 per cent belong to higher caste and 58 per cent fall under OBC. The decision making process of this society is mainly dominated by the medium category of cultivators belonging to OBC as they have more than 70 per cent representation in the board of management of the society.

Although membership, share capital and reserve and other funds of the KGFSS have grown by several folds over the past two decades, the overall financial health of the society is seen to be quite depressing due mainly to the fact that despite encouraging trends shown with respect to the above parameters this society has been showing losses for the past several years (Table 5.4). Due to losses incurred by the society in recent times and also 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.

During the entire period between 1996-97 and 2001-02, an amount to the tune of Rs.235.25 lakhs was extended by the KGFSS to its members as loan. This loan was not seen to be entirely repaid during the given period as the total amount repaid by the members to the KGFSS stood at Rs.215.36 lakhs. Similarly, out of the total amount of Rs.270.55 lakhs borrowed by the KGFSS during the given period, Rs.246.59 lakhs was repaid by the society to the DCCB. Thus, a deficit to the tune of Rs.20-25 lakhs is noticed between borrowings and repayment of the KGFSS and its members. This is an indication of the fact that both the society and its members defaulted during the given period insofar as repayment of loan is concerned.

Apart from poor performance shown on credit front, the marketing of fertilizer of the KGFSS in value terms grew from Rs.8,50,035 in 1983-84 to Rs.19,04,187 in 1992-93 with a decline in the same to as low as Rs.4,33,199 in 2001-02. The value of sale of banana of the KGFSS also declined from Rs.22,93,627 in 1982-83 to Rs.11,61,700 in 1984-85 with a sharp increase in the same to Rs.21,69,612 in 1987-88. A falling and rising trend in marketing of banana of the KGFSS continued after 1990-91 and in 2000-

01 the value of sale of banana of this society reached all times high of Rs.1,61,23,517 with a rather sharp decline in the same to Rs.88,67,844 in the subsequent year. These trends clearly underscore the fact that the marketing of input and output of the KGFSS remained unstable over the past two decades. Further, with 1983-84 as the base, the gross profit of the KGFSS declined by 59 per cent in 2001-02.

As regards the marketing activities undertaken by KGFSS, the prices of banana procured from the farmers are fixed in accordance with the day to day prevailing rates in the wholesale market. The society pays Rs.20-22 per quintal additional procurement rate to the farmers for every additional one kg. weight of banana bunch above 10 kgs. weight. The society charges Rs.4/- per quintal as commission from the payment due to the farmer, and also Rs.8/- per quintal as commission from the trader involved in the marketing of produce. Thus, the total commission charged by the society from farmers and traders put together stands at Rs.12/- per quintal.

#### **5.6.2.2 Socio-Economic Profile and Other Features of Sampled Households**

The total strength of sampled households selected from the village of Khanapur was 10. Among them, 4 belonged to small category, 3 were in medium category and another 3 in large category. The average size of land holding turned out to be 3.17 hectares for the average category of household. As for the educational status, ninety percent of the total sampled households were seen to attain education upto secondary level. In general, the educational status of medium and large category of farmers was higher as compared to small category. Further, out of 10 sampled households drawn from the village of Khanapur, nine belonged to OBC and one to the higher caste.

In general, cotton, banana and hybrid *jowar* were the only major crops dominating the cropping pattern of the sampled farmers drawn from the village of Khanapur. These three crops put together accounted for 90 per cent of the total cultivable area of the sampled farmers. The other crops cultivated by the sampled farmers were groundnut, *udid*, *tur*, *moong*, wheat, gram and sugarcane. Among various crops cultivated by the sampled households, banana yielded the highest return per hectare, followed by sugarcane, groundnut, wheat, gram, cotton, hybrid *jowar*, *udid*, *tur*, and *moong*. The per hectare net returns on the farms of an average category of farmer were estimated at Rs.12,954 for cotton crop, Rs.1,23,151 for banana, Rs.12,766 for hybrid *jowar*, Rs.26,945 for groundnut, Rs.12,700 for *udid*, Rs.11,820 for *tur*, Rs.8,938 for *moong*, Rs.15,020 for wheat, Rs.13,897 for gram, and Rs.92,750 for sugarcane. These figures again show lower

returns per hectare on the farms of an average category of farmer drawn from the village of Khanapur as compared to the village of Nahvi. The average category of sampled household earned a net annual income of the order of Rs.1,65,400.

### **5.6.2.3 Major Reasons for the Failure of KGFSS**

On closer scrutiny, the following reasons were discerned that weighed against the functioning of the KGFSS:

1. One of the reasons for the poor financial health of the KGFSS could be related to repayment of loan extended by the society to its members. 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. 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.
2. Disproportionate allocation of loans to some members is also one of the reasons for the poor financial health of the KGFSS. The members of the board of management of the KGFSS sanctioned excessively high amount of loans to some of the members 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.
3. Another reason could be associated with the interference of private groups which operate 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. As a result, 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 to the society.
4. Excessively high rate of interest on loans (20-22 per cent per annum) could be the other reason for poor recovery performance. Because of substantially high rate of interest involved on loan advances, the farmers members as well as the society itself became defaulters on several occasions. This obviously had affected the financial position of the society.

5. One of the major reasons as to why the farmers are diverting their banana crop to the private groups operating in the village despite the presence of the KGFSS is that these groups extend much higher amount of loans to the farmers as compared to loan advances of the society.
6. Interestingly, as many as four board members of the KGFSS are noticed to be defaulters. These members have borrowed significant amount of loan from the society, which still stands unpaid. Undoubtedly, the society having such defaulting board members can not function efficiently.
7. From the society's point of view, the members are equally responsible for the poor health of the society as they sell poor quality produce to society and divert good quality one to the private traders.
8. Because of deteriorating financial health, the KGFSS is not able approach court of law to recover the loans unpaid by the members as the expenditure incurred in such court cases are unbearable by the society.

The aforementioned problems have a catalytic negative effect on the functioning of the society and are responsible for its failure. Any society beset with these kinds of problems will have similar results as noticed in this case study.

#### **5.6.2.4 Suggestions for KGFSS**

The major problems faced by the society are relating to its recovery of loans extended to its members and shortfall in its procurement figures owing to diversion of produce to private traders. The need of the hour for the society is, therefore, to first take more stringent and cohesive measures for recovery of loans from chronic and heavy defaulters. Nonetheless, the fact can not be ignored that some of the board members themselves are heavy defaulters. Insofar as procurement related problems are concerned, the society should try to develop faith among its members by not only making prompt payment for the produce diverted to the society but also extending some of the facilities that are extended by the private traders. Further, the society should not rely on the private groups operating in the area insofar as marketing of produce is concerned. Instead, the society should try to find out markets which offer higher price to its produce. The major problem faced by the society is the lack of dedicated and efficient leadership. The phase in which the society is passing through, the Chairman of the society as well as the members of board and other members should come on the common platform and decide as to what should be the future course of action to revitalize or rejuvenate this society.

### **5.6.3 Deogad Taluka Mango Growers' Cooperative Sale Purchase Society (DMGSS)**

The DMGSS was established in the village of Vijaydurg, located around 20 kms. from Deogad taluka of Sindhudurg district, during 1981-82. It is basically a society dealing with the marketing of mango and it caters to the marketing requirements of farmers belonging to 35 villages spread over in the radius of around 50 kms. from Vijaydurg. Before the inception of the DMGSS, the mango and other fruit crop growers used to sell their produce to the private traders who, taking the advantage of ignorance of the farmers, used to cheat them by quoting much lower prices for the produce as compared to prevailing rates in the Mumbai Market Yard (MMY). In order to avoid such cheating indulged in by the private traders, a significant number of mango growers came together and formed their own society. At present, this society is performing very well and it is not only meeting the marketing requirements of mango but also various other fruit crops like pineapple, etc., besides meeting the input requirements of the farmers. Ever since its inception, Shri Suresh Shivram Kelkar has been continuing as the Managing Director of the DMGSS. It is only because of his leadership qualities and knowledge that the farmers belonging to the entire 35 villages have faith in the society.

#### **5.6.3.1 Business Activities and Progress of DMGSS**

With the passage of time the DMGSS has shown tremendous growth in its marketing of mango. The total sale value of mango of the DMGSS has grown from Rs.23,000 in 1981-82 to as high as Rs.30 lakhs in 2001-02. Further, during 2001-02, aside from mango, the DMGSS had also sold other fruits valued at over Rs.29 lakhs. Similarly, during 2001-02, the DMGSS had sold Rs.2.60 lakhs worth of pesticides, Rs.2.45 lakhs worth of fertilizer, Rs.28,000 worth of seeds and Rs.1.60 lakhs worth of packing material, besides extending an amount to the tune of Rs.3.52 lakhs as loans to its members. These estimates clearly underscore the growing business of the DMGSS in more recent times (Table 5.3).

As against NCFSS and KGFSS, the DMGSS is found to have shown higher representation of general caste in its total membership as about 67 per cent of the total 499 members the society belong to this caste. The representation of OBC in total membership of the DMGSS is noticed to be 23 per cent. However, the marginal and small categories of farmers belonging to higher or OBC caste groups have greater role to play in the decision making process of the DMGSS as they have higher representation in the board.

As for the progress, the DMGSS is noticed to have shown nearly five folds rise in its membership over the last two decades (Table 5.4). The reserve and other funds of the society have also grown significantly from Rs.27,139 in 1990-91 to as high as Rs.6,10,603 in 2001-02, showing thereby over 22 folds rise in its reserve and other funds during the past one decade. Similarly, the working capital of the society has also grown from Rs.1,99,937 in 1990-91 to as high as Rs.24,85,041 in 2001-02, indicating 12 times rise in its working capital over the past one decade. Not only this, there has also been steady increase in the investments of the society, which is seen to have grown from mere Rs.14,004 in 1989-90 to nearly Rs.2 lakhs in 2001-02. However, the profit profile of the DMGSS is noticed to be very weak, particularly during the decade of eighties and during early nineties. In fact, it is only during the last few years that the DMGSS is showing considerable amount of profit. The profit earned by the society has grown from Rs.7,191 in 1990-91 to Rs.1,10,336 in 2000-01 with a decline in the same to Rs.47,232 in 2001-02. On the other hand, the sale proceeds of the DMGSS, which mainly encompass mango and some other fruits, insecticides and pesticides, etc., has increased from Rs.39,795 in 1983-84 to the all time high of Rs.65,69,170 in 2001-02. The estimates clearly indicate very fast expansion of the business of DMGSS with the passage of time.

As regards procurement, the society makes the payment to the farmer on the basis of quality of produce. In the case of mango, grading of produce is done, which in turn is based on size, variety, appearance and quality of produce. Further, the payment is made on dozen basis. Further, if the farmer diverts his produce in the market through the society, the society charges 10 per cent commission from the payment due to the farmer.

#### **5.6.3.2 Major Problems Faced by the DMGSS**

The DMGSS generally uses wooden boxes, cardboard boxes and tin boxes for the packing of produce. If the farmer intends to market his produce in the Mumbai wholesale market through the society, these boxes are then provided to the farmer members. At times the society faces problems relating to delivery of packing material to the farmers when there is excess production of the crop. In order to tackle this problem, one of the suggestions of the society is to have cold storage facilities in the mango growing/cultivating villages. These facilities will certainly help the mango growers in view of the fact that these farmers will not suffer from spoilage of produce during times of glut in production.

### **5.6.3.3 Socio-Economic Profile and Other Features of Sampled Households**

The total strength of sampled households stood at 10 and among them as many as 9 belonged to small category and one to medium category. The average size of land holding stood at 1.32 hectares for the average category of households. About 70 per cent of sampled households belonged to higher caste and 30 per cent to OBC.

Mango and paddy were the only two major crops dominating the cropping pattern of the sampled households. These two crops accounted for about 84 per cent share in total net cultivated area of the sampled households. The other crops cultivated on the remaining 16 per cent of the total cultivated area of sampled households were coconut, finger millet, arecanut and banana. Although the area under mango was substantially high as compared to banana, both these crops yielded maximum gross returns to the sampled households. While for the average category of farmer the per hectare gross return from mango orchard was estimated at Rs.1,56,746, this return from banana farm stood at Rs.1,55,000. The other crops cultivated by the sampled households showed very low per hectare gross returns, and for the average category of household it was estimated at Rs.28,467 from coconut, Rs.21,649 from paddy, Rs.21,373 from arecanut, and Rs.11,765 from finger millet. In general, the average category of sampled household earned a net annual income to the tune of Rs.1,70,210.

### **5.6.3.4 Reasons for the Success of DMGSS**

The positive features weighing in favour of the DMGSS were: (a) remunerative rates and timely availability of payment for the farmers' produce, (b) availability of credit at low rates of interest, (c) fixation of rates as per quality of produce, (d) guidance to the farmers with respect to utilization of inputs and other agricultural practices, and (e) guidance to the farmers in terms of packing, grading and storage of produce. Because of these positive features, the members of the DMGSS have developed adequate faith in their society.

In order to maintain quality of produce, the DMGSS extends a number of suggestions to its members. One of the suggestions of the society extended to its farmer members is in favour of using lower quantity of pesticides and other chemical fertilizers and higher quantity of organic manures on their farms. This instruction to the farmers is specifically given to increase crop production. The society also gives instructions to the farmers to pluck the fruit only when it ripens as artificial methods used for ripening of fruits often reduces the quality of produce. Because of these instructions supplied by the



society to its members, the produce quality is much better as compared to the produce marketed by other traders in the Mumbai wholesale market. Further, the society tries to expand production of the crop in the area. The higher quantum of production is achieved when the society extends superior quality of fertilizer, pesticides, seeds and some other inputs to its member farmers. With a view to raise supply and demand of the crop, the DMGSS uses attractive packing and supplies such packing material to its members.

#### **5.6.3.5 Suggestions for DMGSS**

It is to be noted some of the sampled households were unhappy mainly because of lack of availability of processing facilities with the society. Deduction of 10 per cent commission from the payment due to the farmer, purchase of only good quality produce and sometimes lack of availability of transportation facilities were some other reasons that weighed against the functioning of the society. The society should, therefore, look into these aspects in view of retaining faith of its member farmers. However, from the society's point of view, early ripening of mango crop during transportation is one of the major problems faced by it. In order to prevent spoilage or early ripening of the produce, one of the suggestions of the society is in favour of having refrigerated containers. The society at present is not having enough funds to buy such containers. In fact, these containers require huge capital investment. The society, therefore, wants the government to come forward and help the societies involved in the marketing of mango, particularly in respect of granting funds for the purchase of refrigerated vans, containers, etc.

#### **5.6.4 Rameshwar Vividh Fruit Purchase and Sale Co-operative Society (RFPSS)**

The RFPSS is located at the taluka level headquarters of Vengurla and at present covers seven villages. Among these villages, five are located in the radius of 10 kms. and the remaining two in the radius of 16 kms. from the society. The society was established during 1991-92. Before its inception, marketing of mango and various other fruits was entirely in the hands of private traders. These private traders used to exercise their monopoly, particularly when the produce of small and marginal category of farmers was diverted through them. Because of lower quantity of produce of small and marginal farmers, the private traders were often reluctant to lift the crop despite better quality of their produce. This was a ploy of the private traders to offer lower prices to these farmers inspite of good quality produce. In order to come out of the clutches of these dominating monopolistic private traders, 55 mango and other fruit crop cultivating farmers belonging

to five villages located around Vengurla came together and formed their own marketing society during 1991-92. At later stage, two more villages were covered by the society.

#### **5.6.4.1 Business Activities and Progress of RFPSS**

At present, the major business activities of the RFPSS include marketing of input such as fertilizer and crude oil, marketing of output, viz., mango, cashewnut and coconut, marketing/distribution of boxes to its members for the purpose of packing various fruits marketed by the society.

The RFPSS entered in the marketing of inputs only during 1995-96. However, due to heavy losses incurred by the society, its marketing activity relating to inputs started shrinking, so much so that the value of fertilizer sale of RFPSS, which increased significantly from Rs.55,975 in 1995-96 to Rs.1,92,825 in 2000-01, fell dramatically to meagre Rs.600 in 2001-02 (Table 5.3). Similarly, the sale value of crude oil of RFPSS also fell sharply from Rs.3,73,881 in 1995-96 to as low as Rs.2,195 in 2000-01. Further, as for the mango, there has been considerable fluctuation in the value of sale of this fruit crop marketed by the society. This is evident from the fact that the total value of sale of mango of the RFPSS fell sharply from Rs.3,31,062 in 1993-94 to as low as Rs.23,046 in 2000-01 with a dramatic increase in the same to Rs.2,10,462 in 2001-02.

It is to be noted that out of 324 members of the RFPSS about 35 per cent belong to higher caste and 64 per cent to other backward class. The decision making process of the society is motivated by cultivators, and, in particular, by the small category of farmers as they have 67 per cent representation in the board of management of the society.

As regards the progress, it could be seen that there was hardly an increase of Rs.15,000 in share capital base of the society, which grew from Rs.4,65,200 in 1993-94 to Rs.4,80,300 in 2001-02 (Table 5.4). As against stagnant strength of membership of 330-340 and marginal increase in share capital base, the reserve and funds of the society rather declined from Rs.2,00,324 in 1993-94 to Rs.1,60,386 in 2001-02. During the given period between 1992-93 and 2001-02, it was only during 1994-95, 1996-97 and 1997-98 that the RFPSS had made profit, otherwise most of the years of the given period were marked with heavy losses. The value of input sale of the RFPSS fell dramatically from Rs.4,95,714 in 1995-96 to as low as Rs.3,350 in 2001-02. Like marketing of input, the value of marketing of output of the RFPSS also fell sharply from Rs.20,02,307 in 1995-96 to as low as Rs.23,046 in 2000-01, though increased in the subsequent year to Rs.2,10,462 in 2001-02.

It is to be noted that since the RFPSS does not have any transportation facility, the farmers make their own arrangement and transport mango from field to the society. The expenditure incurred in this transportation is entirely borne by the farmers. The society fixes procurement rates based on quality and variety of the produce, which is chiefly determined by the size of the mango. However, before fixing the procurement rates, the society first determines the prices of mango prevailing in Mumbai, Kolhapur and Belgaon markets for various varieties. The society makes the payment to the farmers on daily basis depending upon the rate prevailing on the day of procurement from the farmers. Before marketing, grading of the produce is done by the society and better and poor quality produces are separated. The better quality produce is sold by the society on dozen basis in the Mumbai wholesale market, whereas the poor quality produce finds its place in the local market and it is sold on weight basis.

#### **5.6.4.2 Major Problems of RFPSS**

One of the major dissatisfaction shown by the society is in terms of transportation of the produce. The dissatisfaction is mainly owing to the fact that due to poor availability of transportation facilities from the society to the Mumbai wholesale market, the produce often damages because of bad road conditions. Not only this, the produce losses weight when there is delay in availability of truck for the transportation of produce. According to the society, the mango produce carries more weight at the time of procurement from the farmers, and the farmers are paid based on these weights. However, after procuring the produce, the society has to divert the produce to the Mumbai wholesale market either through commission agent or through private traders. The main task before the society is now to find a truck to transport the produce. The delay in availability of truck obviously results in loss of weight of the produce, which the society has to bear as this produce now fetches lower price in the market as compared to the expected price.

#### **5.6.4.3 Socio-Economic Profile and Other Features of Sampled Households**

Among the 10 selected sampled households, 5 belonged to small, 3 to medium and 2 to large category. The average size of land holding stood at 2.97 hectares for the average category of sampled households. Majority of the sampled households belonged to higher caste. The cropping pattern of sampled households clearly showed the predominance of mango among various crops cultivated by them. The area allocation under mango cultivation was seen to be as high as 55 per cent of the total cultivable area

of these sampled households. The other important crops cultivated by these sampled households were cashewnut, coconut and paddy; each of these crops accounting for about 11-13 per cent share in total cultivable area. In general, one hectare mango farm yielded a gross return of the order of Rs.1,53,087 for the average category of households. In the case of cashew nut, coconut, paddy, arecanut and cocum, the per hectare gross returns for the average category of households were estimated at Rs.41,443, Rs.27,425, Rs.23,935, Rs.30,130, and Rs.99,167, respectively. The large category of sampled households were seen to derive 53 per cent higher net annual income as compared to medium category and as much as 144 per cent higher net annual income when compared with small category.

#### **5.6.4.4 Major Reasons for the Failure of RFPSS**

The reasons for the failure of the society are delineated as follows.

1. The non-existence of truck or any other conveyance for the local transportation from the farmer's field to the society is one of the major reasons for the reluctance of farmers to sell their produce to the society. Because of non-existence of its own truck, the society has to depend on hiring of trucks for such transportation to Mumbai or other wholesale markets. The delay in availability of trucks from private operators often causes damage to the produce procured by the society, which, in turn, leads to losses to the society.
2. As per the report furnished by the audit group, the society since its inception has untrained staff to deal with the marketing of mango. The staff not only lacks knowledge in terms of demand and supply of produce but also in respect of prices prevailing in various market centers, besides having poor grasp of knowledge about infrastructure related facilities relating to marketing of mango and other fruit crops.
3. It is to be noted that the society purchases mango plants to sell them to its members. However, because of inefficiency on the part of the staff of the society, these plants remain unsold during the year of purchase, and, as a result, the society has to incur expenditure on pesticides, insecticides, water, etc. to keep the plant in the normal growing conditions, particularly in view of the fact that the society intends to sell these plants in the next year to its members/farmers. As a result, obviously, the society has to incur unnecessary expenditure on the upkeep of the plants, which could have been avoided had the society sold the plants in the year of purchasing the plants.

4. From the society's point of view, the strength of members is so low that it is not able to raise enough share capital, which could have helped the society to regain from losses or helped the society to at least have its own transportation facility.
5. The society was seen to be keen in exporting its mango, and it also tried this through 'Mahamango'. However, as the air freights were too high, it had exported it through ship. The transportation through ship was delayed and as a result the crop was damaged, which, in turn, had led to losses to the society. This happened during 1998-99 when the society had incurred a loss of Rs.50,000. This had a chain reaction in terms of losses incurred by the society in the subsequent years.
6. The interference of private traders has also caused heavy damage to the society. The private traders not only provide loan advances to mango cultivators but also make advance payments to them before the harvesting of the crop. As a result, the farmers are bound to sell their crop to these private traders.
7. One of the reasons as to why the society had withdrawn selling inputs to its members could be traced in the fact that the society had extended pesticides and fertilizers to its members on credit basis. However, by and large, all the recipients of these inputs on credit basis failed to repay the loan, particularly during the last 2-3 years. As a result, in 2001-02, the society had withdrawn this facility.

Due to aforementioned reasons, the RFPSS could never function efficiently as they had a chain reaction towards failure of the society.

#### **5.6.4.5 Suggestions for RFPSS**

During the entire period between 1993-94 and 2001-02, there were only few years when the society had done good business in terms of marketing of input and output. But, the point that merits attention here is that its marketing activities – whether relating to input or output – are now shrinking and, as a result, it is on the verge of collapse. Unless, the RFPSS comes out with solutions to the problems or frames strategies to overcome the losses, it is difficult for the society to survive in the present day unfortunate scenario. Of course, the losses are not too heavy and the society can certainly become a winner if it strictly follows certain norms which are likely to improve the functioning of the society.

#### **5.7 Analysis of Case Studies**

The entire discussion on the four case studies conducted in Jalgaon and Sindhudurg districts of Maharashtra brought us closer to certain major differing observations insofar as their functioning is concerned. With a view to compare the

performance of the societies, various parameters were assigned qualitative scores ranging from high to low, and these scores for each qualitative parameter are shown in Table 5.5.

The economic sustainability of NCFSS dealing with the marketing of banana is noticed to be very high as it has been making substantial profit ever since its inception. Not only this, it has accumulated substantial share capital base and reserve and other funds. The sustainability of DMGSS dealing with the marketing of mango is high to moderate as the profit profile of this society is not as strong as in the case of NCFSS. On the other hand, the KGFSS (involved in the marketing of banana) and RFPSS (dealing with the marketing of mango) have shown low economic sustainability as both the societies are incurring heavy losses over the past several years. The reserve and other funds and share capital base of these two societies are also too low.

Insofar as members centrality is concerned, the same ranking is assigned to the four societies as in the case of their economic sustainability. The reason being that the transactions in terms of marketing of input and output and involvement in other activities of the members of the NCFSS is quite high as compared to DMGSS, whereas the association of members with KGFSS and RFPSS is too low as these members are also diverting their produce to other private traders.

Both NCFSS and DMGSS are assigned high ranking in terms of their business performance indulged in the marketing of banana and mango, and also in terms of sale of their inputs to members. Contrary to this, since the business activities of KGFSS and RFPSS are shrinking over time, these two societies are ranked low in this respect.

Because of non-availability of local transportation facilities for output as well as inputs, the NCFSS is ranked low in this respect. Similarly, RFPSS also does not provide any transportation facility to its members. The RFPSS too is, therefore, ranked low in terms of transportation facility. On the other hand, the KGFSS and DMGSS are assigned high to medium scores in terms of local transportation facilities extended by them to their members as they either bear local transportation expenses incurred by the farmers or send their own trucks to lift the crop from the farmer's field.

In none of the case studies, role of state government is noticed as the government is neither acting as facilitator nor in terms of exercising control in the marketing of banana and mango crop. All the four selected societies are doing business as per their own regulations. As a result, all the four selected societies have been ranked low in respect of role of government in interfering the business of these societies.

As for the competition, both KGFSS and RFPSS have to face stiff competition from private traders. A moderate level of competition from private traders is also noticed to be faced by NCFSS and DMGSS. However, because of their fair trade practices and several facilities extended by them to their members, these two societies are noticed to be quite capable of counteracting the trade practices of the private traders.

The socio-economic homogeneity of members is noticed to be moderate in the case of NCFSS as well as KGFSS as majority of them are medium and large land size holders belonging to OBC or higher castes. However, in the case of DMGSS, the socio-economic homogeneity is high to moderate as there are several other lower caste members, though the majority belong to OBC and higher castes. As for the RFPSS, the socio-economic homogeneity of members is again noticed to be moderate as its membership is dominated by OBC and higher caste cultivators.

The physical proximity and compactness in terms of geographical distance of villages covered is noticed to be high in the case of NCFSS, KGFSS and RFPSS as all the villages falling under the umbrella of these societies are within the radius of 15-20 kms. However, in the case of DMGSS, this physical proximity and compactness in the geographical distance of members is moderate as the society covers 35 villages in the radius of 50 kms. from the society.

The existence of interest-cum-entrepreneurial groups in extending dedicated and efficient leadership is quite high in the case of NCFSS and DMGSS. The members of these two societies have full faith in the decision making process of their societies as the leaders are not only knowledgeable in terms of their grasp over application of modern technology but also are quite aware of market forces.

In the case of KGFSS, the existence of internal interest-cum-entrepreneurial group in providing dedicated and efficient leadership is very low as the members of the board are reported to be self centered with lack of motivation in terms of growth of the society. Further, because of lack of funds and losses incurred by the society coupled with selfish nature of the leaders, the member farmers are now diverting their produce to other private traders. This certainly has some adverse implications insofar as the functioning of the society in future is concerned.

As regards the leadership characteristics of RFPSS, there are similar observations as in the case of KGFSS. However, as compared to KGFSS, the RFPSS is relatively better insofar as existence of internal interest-cum-entrepreneurial group in providing

guidance is concerned, and also in terms of their excess to members and imparting knowledge to them about modern technology is concerned. The society is certainly trying to come out of the phase it is passing through, particularly in terms of losses incurred by the society in the past few years. But, the efforts may prove futile in view of the fact that the predominance of private traders is increasing ever since the society started showing losses and that they were successful in inducing farmers to sell their produce to them.

In respect of supply side action plans, which have been delineated in more detail within specific case studies, the NCFSS and DMGSS have 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 are quite high in the case of both the above societies. On the other hand, in the case of KGFSS and RFPSS, this role, particularly in respect of members and non-members, employees, board members and higher tier bodies is 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.

## **5.8 Conclusions**

The fruits and vegetable (F&Vs) marketing societies in general and PCMS in particular have performed reasonably well in Maharashtra during the past two decades, if certain deficiencies in their operation are set aside. There could be several factors behind the success of these societies. The factors such as higher literacy and enterprising nature of farmers, flow of efficient and dedicated leadership, an environment conducive to production, infrastructure facilities, facilities extended by NABARD and other financial institutions, government support, etc., might have played a crucial role in inducing these societies to perform well in the state of Maharashtra. However, since the F&Vs societies operating in Maharashtra have also 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 minor remedial measures and strategies framed or initiated by these marketing societies, particularly in respect of recovery of their loan advances, will certainly further 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 PCMS operating in Maharashtra



As regards case studies, due to strong financial position of NCFSS and also relatively less but still sound financial health of DMGSS, these societies have shown autonomy /independence in their functioning. These two societies have shown, by and large, perfect knowledge about the market forces and their business activities in accordance to the market situation. On the other hand, the KGFSS and RFPSS have shown poor grasp either in terms of studying the market forces or shown inefficiency because of their own internal drawbacks in terms of managing the societies or their own personal interests involved in the functioning of the society, which in particular holds true in the case of KGFSS. These two societies are unable to generate allies for lobbying to safeguard as well as promoting their own interests and the interests of their members, whereas NCFSS and DMGSS are quite successful in such lobbying and promotional interest related activities.

**Table 5.1: Structure of Primary Co-operative Marketing Societies in Maharashtra**  
(Amount in '000' Rupees)

Sr. No.	Particulars	1984 -85	1993 -94	1994 -95	1997 -98
1	No. of societies % + or -	556 (100.0)	1044	1034 (86.0)	989 (77.9)
2	Membership % + or -	492358 (100.0)	789236	794209 (61.3)	757166 (53.8)
3	Working capital % + or -	836017 (100.0)	1933447	2024367 (142.1)	2107575 (152.1)
4	Paid up capital % + or -	96439 (100.0)	303072	308482 (219.9)	680857 (606.0)
5	Total sales % + or -	3077774 (100.0)	7709393	9013374 (132.4)	4599256 (200.5)
6	No. of marketing societies advancing loans	69 (100.0)	98	95 (37.7)	N.A.
7	Amount of loans advanced	65100 (100.0)	108586	156384 (140.2)	141699 (117.7)
8	Amount of loans recovered % + or -	61485 (100.0)	82474	110983 (80.5)	894819 (1355.3)
9.	No. of societies making profit	302 (100.0)	407	427 (41.4)	482 (59.6)
10.	No. of societies making loss	162 (100.0)	459	419 (158.6)	437 (169.8)
11.	No. of societies without profit or loss	92 (100.0)	178	188 (104.3)	70 (-23.9)
12.	Amount of profit	9180 (100.0)	58296	55260 (502.0)	91011 (891.4)
13.	Amount of loss	11614 (100.0)	82641	96837 (733.8)	73015 (528.7)

Source: Statistical Statements relating to Co-operative Movement in India, Part II, Non-Credit societies, 1984 -85, 1993-94, 1994-95, 1997-98, NABARD.

**Table 5.2: Fruits and Vegetables Primary Marketing Societies in Maharashtra**

(Amount In '000' Rs.)

Sr. No	Particulars	1984-85	1993-94	1994-95	1997-98
1	No. of societies	116	432	418 (260.34)	401 (245.69)
2	Membership	29230	65102	64779 (121.62)	61338 (109.85)
3	Working capital	71078	357551	398969 (461.31)	545802 (667.89)
4	Paid up capital	10916	91986	87594 (702.44)	156027 (1329.34)
5	Total sales (5+6+7)	149957	607577	719701 (379.94)	1012351 (575.09)
6	Loans advanced	56392	81676	113702 (101-63)	17216 (-69.47)
7	Loans recovered	52913	69717	104721 (97.91)	3818 (-92.78)
8	No. of societies making profit	56	111	134 (139.29)	184 (228.57)
9	No. of societies making loss	19	203	158 (731.58)	169 (789.47)
10	No. of societies without profit/loss	41	118	126 (207.31)	48 (17.07)
11	Amount of profit	1735	10914	11874 (584.33)	13984 (705.99)
12	Amount of loss	298	7761	4807 (1513.09)	14029 (4607.72)

Source : Statistical statements relating to the Co-operative Movement In India. Part II, Non-credit societies, 1984-85,1993-94,1997-98, NABARD

**Table 5.3: Different Activities of Co-operative Marketing Societies**

Activity	1. Nahvi Co-op. Fruit Sale Society			2. Khanapur Fruit Sale Co-op. Society		
	Year	Annual Business (Rs.)		Year	Annual Business (Rs.)	
		Initial Year	2001-02		Initial Year	2001-02
<b>A. Marketing of Input</b>						
1. Fertilizer	1961-62	73659	3228628	1983-84	850355	433199
2. Crude Oil	1961-62	84193	-	-	-	-
<b>B. Marketing of Output</b>						
1. Banana	1961-62	465781	26228950	1982-83	2293627	8867844
<b>C. Financial Activity</b>						
1. Credit	1961-62	41516	997881	1982-83	665139	3576685
Activity	3. Deogad Mango Growers' Co-op. Society			4. Rameswar Fruit Sale Society		
	Year	Annual Business (Rs.)		Year	Annual Business (Rs.)	
		Initial Year	2001-02		Initial Year	2001-02
<b>A. Marketing of Input</b>						
1. Pesticides	1981-82	-	260000	-	-	-
2. Fertilizer		-	245000	1995-96	55975	600
3. Seed		-	28000	-	-	-
4. Packing, etc.		-	160000	-	-	-
5. Crude Oil		-	-	1995-96	373881	-
<b>B. Marketing of Output</b>						
1. Mango	1981-82	23000	3000000	1993-94	331062	210462
2. Cashew nut		-	-	1994-95	46400	-
3. Coconut		-	-	1998-99	4755	-
4. Other Fruits		-	2922206	-	-	-
<b>C. Financial Activity</b>						
1. Credit		-	352100	-	-	-

**Table 5.4: Membership, Share Capital, Reserve Funds, Credit, Deposits of the Societies**

Particulars	NCFSS			KGFSS		
	1961-62	1990-91	2001-02	1982-83	1990-91	2001-02
1. Membership (Nos.)	24	282	196	138	373	896
2. Share Capital (Rs.)	5400	356540	251620	13800	70000	202000
3. Reserve & Other Funds (Rs.)	2800	1723126	3004014	17661	294468	881918
4. Profit	3560	122923	294213	10575	60257	-
5. Loss	-	-	-	-	-	4517
6. Dividend	3	12	15	9	-	-
7. Credit (Rs.)	19462	1130850	997881	665139	1231539	3576685
	DMGSS			RFPSS		
	1983-84	1990-91	2001-02	1992-93	1997-98	2001-02
1. Membership (Nos.)	132	225	499	258	322	331
2. Share Capital (Rs.)	28500	500000	438900	158700	474800	480300
3. Reserve & Other Funds (Rs.)	136	27139	610603	-	200375	160386
4. Profit	609	7191	47232	-	10444	-
5. Loss	-	-	-	1375	-	49369
6. Dividend	-	-	-	-	-	-
7. Credit (Rs.)	6780	-	461190	-	-	-

**Table 5.5: Factors Influencing Demand for and Supply of Action Plans and Success of Collective Action in Co-operative Business**

Sr. No.	Particulars	Name of the Society			
		Jalgaon District		Sindhudurg District	
		NCFSS (Success)	KGFSS (Failure)	DMGSS (Success)	RFPSS (Failure)
	<b>Success Indicators</b>				
	1) Economic Sustainability	H	L	H/M	L
	2) Member Centrality	H	L		
	3) Member Participation & Director Demand Factors	H	M/L	H/M	M/L
<b>A</b>	<b>Core and Major Activity Characteristics</b>				
	A <sub>1</sub> Non-standard attributes (including indivisibility) of production/marketing, processes and inputs in which the co-operative has comparative advantages in handling	H	L	H	L
	A <sub>2</sub> Transportability of Inputs and Outputs	L	H/M	H/M	L
<b>B</b>	<b>Context Characteristics</b>				
	B <sub>1</sub> Agrarian structure strengthening the socio-economic and political status of the dominant groups	H	H	H	H
	B <sub>2</sub> Role of the state	L	L	L	L
	B <sub>3</sub> Nature of competition	M	H	M	H
	B <sub>4</sub> Relevance of ideology and cultural heritage	H	H	H	H
<b>C</b>	<b>Member Characteristics</b>				
	C <sub>1</sub> Socio-economic homogeneity	M	M	H/M	M
	C <sub>2</sub> Physical proximity and compactness	H	H	M	H
	C <sub>3</sub> Potential loss due to collective inaction	H	H	H	H

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

H = high; M = moderate; L = Low; H/M = high to moderate; M/L = moderate to low;

NA = Not applicable

Based on a 'Model' of study by Datta and Kapoor

## 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.
- Agro – Economic Research Centre (1991), 'Production and Marketing of Vegetables: Constraints of Small Farmers ( A study of Kankpadu Block in Krishna District, Andhra Pradesh )', *Mimeo*, Waltair, Andhra Pradesh University.
- Baviskar, B.S. and D.M Attawood (1992), *The Political Economy of Co-operatives in India*.
- 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, *Collective Action, Leadership and Success in Agricultural Co-operatives*, Oxford, 1996
- 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.
- IRMA, *Report on the Symposium on Management of Rural Co-operatives-Summaries of Workshops and Abstracts of Papers*, 1993.
- Jha, D (1995), 'Co-operatives and Agricultural Marketing in India', Jagdish Prasad (ed), *Encyclopedia of Agricultural Marketing*, Vol. IV, *Mittal Publications*, New Delhi'.
- Kumar, B.L. (1990), 'Gambhira Co-operative Farming Society : A Successful Experiment in Collective Efforts', *Indian Journal of Agricultural Economics*, Vol. 45, No.3, July – September.
- Krishna, Meeta (1995), 'Vegetables Marketing in Bihar Plateau Region : A Case Study of Agricultural Market', in Jagdish Prasad and Arbind Prasad (eds.), *Indian Agricultural Marketing : Emerging Trends and Perspectives*, *Mittal Publications*, New Delhi pp 172-179.
- Prasad, Arbind (1993), 'Vegetable Marketing : A Case study of Two, Agricultural Markets of Bihar', *The Bihar Journal of Agricultural Marketing*, Vol 1, No. 2, April – June, pp 101 - 112.
- Prasad, Jagdish and Meeta Krishna (1995), 'Vegetable Marketing : A Report on two Agricultural Markets of Bihar', *Mimeo*, A.N. Sinha Institute of Social Studies, Patna.
- Prasad, Jagdish (1996), 'Co-operative Institutions in Bihar for Marketing Vegetables', in R. Rajagopalan (ed.) 'Rediscovering Co-operation', Vol III, *Institute of Rural Management*, Anand, pp 344-56.
- Rajgopal (1992) 'Marketing of Fruits and Vegetables in Co-operative Sector', IRMA Case Study, Institute of Rural Management, Anand

- Rajgopal (1995), 'Developing Agri – Business in India : Status and Challenges', in Jagdish Prasad and Arbind Prasad (eds.), *Indian Agricultural Marketing : Emerging Trends and Perspectives*, op, cit.
- Shah, Tushaar, et.al., *Seeking Salience: Governance and Management in Indian Village Co-operatives*, IRMA, Anand, 1992.
- Seetharaman, S.P. and N. Mohanan, *Framework for Studing Co-operative Organizations – The Case of NAFED*, CMA, Monograph No. 133.
- Swarup, R. et. al. (1985), 'Price – Spread and Marketing Margins for Himachal Apples', *Indian Journal of Agricultural Economics*, Vol 45, No. 3, July – September, pp 376-381.
- Singh D.V. (1990), 'Production and Marketing of Off-season Vegetables', Mittal Publications, New Delhi, p. 3.
- Srivastava, G.C. (1994), 'Vegetable Economy of Small Farmers Around Bhagalpur Town, Bihar', *Journal of Research*, Vol III, No. 3 – 4, pp 78-84, Rajendra Agricultural University, Pusa (Bihar).
- Singh, D.V. (1995), 'Role of Agricultural Co-operatives : A case Study of Successful Society in Himachal Pradesh', in Jagdish Prasad and Arbind Prasad (eds), *Indian Agricultural Marketing : Emerging Trends and Perspectives*, Mittal Publications, New Delhi, pp 96-102.
- Thakur, D.S. (1995), 'Market Structure, Marketing Problems and Role of Government in Co-operatives and NGO with Special Reference to Marketing of Apples', in Jagdish Prasad and Arbind Prasad (eds.), op. cit., pp 68 – 77.
- Verma, Nikhilesh Chandra (1997), 'Primary Cooperative Marketing of Agricultural Produce in Bihar', in Jagdish Prasad (ed.) *Encyclopaedia of Agricultural Marketing*, Vol IV, Mittal Publications, New Delhi (in Press).
- Wadekar, SS and J.M. Talathi (1996), "Mahamango and Alphanso Mango Growers Co-operative Organisations in Sindhudurg District of Maharashtra' in Jagdish Prasad (ed.), *Encyclopedia of Agricultural Marketing*, op. cit.

\*\*\*\*\*

**ANNEXURE I: COMMENTS ON DRAFT REPORT BY DESIGNATED AERC UNIT,  
VALLABH VIDYANAGAR, GUJARAT**

**TITLE OF THE STUDY REPORT: COOPERATIVE MARKETING SOCIETIES IN  
MAHARASHTRA: REASONS FOR SUCCESS  
AND FAILURE**

**AUTHOR: DEEPAK SHAH**

**ORGANISATION: AGRO-ECONOMIC RESEARCH CENTRE, GOKHALE INSTITUTE  
OF POLITICS AND ECONOMICS, PUNE**

**DATE OF RECEIPT OF THE STUDY REPORT: 18-10-04**

**DATE OF DESPATCH OF COMMENTS BY THE DESIGNATED CENTRE: 6-11-04**

**1. DETAILED COMMENTS ON THE METHODOLOGY ADOPTED FOR THE STUDY:**

**As per Plan**

**2. COMMENTS ON THE ADEQUACY AND QUALITY OF COVERAGE OF EACH  
OBJECTIVE OF THE STUDY:**

**As per Plan**

**3. COMMENTS ON PRESENTATION AND GET UP ETC. OF THE REPORT:**

**Corrections:**

**Chapter 4, p 115, Table IV.4.6**

**Year 1990-91, Pl. check the year. Was it 1995-96?**

**4. OVERALL VIEW ON ACCEPTABILITY OF REPORT:**

**Preparation of the report is generally as per plan.**

**ANNEXURE II: ACTION TAKEN BY THE AUTHOR ON THE COMMENTS OF  
THE DESIGNATED CENTRE FOR THE STUDY ENTITLED**

**“COOPERATIVE MARKETING SOCIETIES IN MAHARASHTRA:  
REASONS FOR SUCCESS AND FAILURE”**

The author is thankful to the reviewer for the keen interest taken by him in carefully going through the report. The replies to each of the comments are given as follows:

1. **COMMENTS ON METHODOLOGY: No Revision Required**
2. **COMMENTS ON THE ADEQUACY AND QUALITY OF COVERAGE OF OBJECTIVES:**

**No Revision Required**

3. **COMMENTS ON PRESENTATION OF GET UP ETC.:**

**Correction has been incorporated.**

4. **OVERALL VIEW ON THE ACCEPTABILITY OF THE REPORT:**

**The report has been recommended for acceptance in the present form as it does not require any revision.**

**November 30, 2004**

**Deepak Shah**