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Co-operative marketing in India: A conceptual exposition

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Abstract

Co-operative marketing is an initiative to democratise and leave an open and fair field for producers to market. It is form of organization which consists of people participating voluntarily.

Keywords: Company, marketing, movement, producer, society

1. Introduction

Co-operative marketing stand for understanding for two companies regarding willingness to promote products sold by the other companies. Co-operative marketing involves two or more companies partnering to promote each others product or services with a aim for mutual benefit by leaving combined resources to reach wider group. Co-operative marketing help companies to inter new markets or tap new customer segment. In other words, co-operative marketing essentially involves and agreement between two companies aiming to sell the other companies products. The principle behind co-operative marketing is to return the control of the product to the producer through collective efforts. The establishment of co-operative marketing societies was another important step that has been started to overcome the problem of present system of marketing of agriculture products. Agriculture is the largest source of employment in India. This sector is crucial sector of world wide development as farmers feel the world. Co-operative marketing is primarily facilitated by the Biscomaun (Bihar State Co-operative Marketing Union Ltd.) Biscomaun aims to ensure proper and timely supply of agriculture inputs like fair pricing for farmers products and value addition through a network of cold chain, glows and processing facilities. For the socio-economic development of rural India. Co-operative marketing is significant tool. In India in 1912, co-operative Marketing societies act, 1912 was passed. In India co-operative movement aims at socio-economic development of people and farmer from deprived class by mobilizing them for self help and mutual aid through co-operatives.

2. Need of Co-operative Marketing

It ensures better results because everyone collaborates and adds their bits, both ideas and produces. In addition, the ability to place bulk orders makes the costs go down substantially. Advertisements of products and the availability of each other's marketing network can be done jointly, resulting in more market penetration. Usually, the typical advertising could be direct mails, online marketing, or even print media. As a result, the total cost of products for all parties involved can be reduced substantially. All types and manner of malpractices that prevail, from arbitrary deductions to unfair price manipulation, can be reduced appropriate reward for the endeavors put in the veritable group of intermediaries is very interested in collecting, storing, insuring and financing rural produce. Their charges are inappropriate and disproportionate.

3. Co-operative Marketing in India

- 1. Fair Pricing:** To ensure that members receive fair prices for their produce.
- 2. Protection from Exploitation:** To safeguard members from excessive marketing costs and unfair practices.
- 3. Credit Facilities:** To provide credit facilities to members based on the security of their produce.

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- 4. Storage and Processing:** To provide storage and processing facilities for agricultural products
- 5. Input Supply:** To provide inputs like seeds, fertilizers, and pesticides to members. Types of Co-operative Marketing

3.1 Single-Commodity

These societies focus on marketing of specific agricultural product, such as sugarcane, cotton, or oilseeds, catering to farmers who produce that particular commodity.

3.2 Multi-Commodity

These societies handle the marketing of multiple agricultural products, serving a wider range of farmers and commodities.

3.3 Multi-Purpose

These societies engage in various activities beyond marketing, including providing credit, storage, and other services to their members.

4. Agriculture Environment of Bihar

The state of Bihar has been never before growth rate during yester years catching up with the all India average. In fact the double digit growth rate of the state between years 2015-16 to 2022-23 has brought up state in the league of fastest growing states in the country. However, the state has to sustain this growth rate for a long period of time to catch up with the economic growth in the other major states of the country. In fact, the state has lowest per capita income amongst the major states of the country and second largest state in terms of the population below poverty. The economy of the state is largely dependent on the agriculture with more than two third of the population dependent on it. The growth of the agricultural sector is critical for reducing sector not only depends on the farm production but to a great extent depends on the efficient functioning of the agriculture markets. The efficiency of the agricultural markets largely depends on the overall infrastructure level in the economy. The huge investment requirement for the infrastructure requires the active participation of the private sector in the crucial sectors of the economy.

The huge investment requirement in the state for the development of markets, post harvest infrastructure and cool chain and processing units it is pertinent that the private sector investment is enhanced substantially in the sector. In order to create suitable investment climate off course the repeal of agricultural produce marketing act in the state. Similarly there is a removal or reduction of licensing requirements, stocking limits, and movement restrictions on agricultural commodities. The state government has taken a no of initiatives in terms of eliminating or reducing taxes for different food items, relaxation in there regulations under shop & establishment act, weights & measures act etc.

Government of India schemes provide for financial assistance in the form of back ended credit linked subsidy for establishment of pack houses, cold storages controlled atmosphere storage, refrigerate vans, mobile processing units, wholesale markets & rural markets, post harvest infrastructure through the schemes of the National Horticulture Market, National Horticulture Board, DMI and APEDA.

5. Reasons of Progress of Co-operative Marketing

The main reasons of the slow process are:

- Co-operative marketing societies are generally located in big markets/towns and quick cheap transport facilities are not available for the carriage of the produce from the village to the societies.
- Farmers are indebted to local traders and enter into advance contracts with them for the sale of the sale of the crop:
- Farmers are in immediate need of cash after the harvest to meet their personal obligations. They therefore sell their produce to local traders; they cannot wait for the time required to move the produce to the mandi.
- There is lack of loyalty among farmer-members result in indecision, which hampers the progress of the societies.
- Members lack confidence in co-operative organizations for most of the co-operative sector enterprises run at a loss.
- The societies do not act as banks for the farmers;
- Managers of societies do not offer business advice to members;
- Societies do not provide facilities of food and shelter to farmers when they visit the market for the sale of the produce;
- The managers of the societies are often linked with local traders and become impersonal to the needs of a majority of small and marginal farmers;

6. Disadvantages

- This can lead to lack of commitment because they are not individually responsible for outcome. The lack of commitment among members in an agreement can substantially reduce the business for all.
- Who is the target audience and to whom it can be applied? The marketing strategy can potentially only be applicable to a portion of the target audience.
- Information sharing: There may be resistance to share information with everyone, especially those who have done individual business.

7. Suggestions for Strengthening of Co-operative Marketing

- The area of the operations of the societies should be large enough so that they may have sufficient business and become viable. Most of the societies at present are not viable because of the small volume of their business.
- Co-operative marketing societies should develop sufficient storage facilities in the mandi as well as in the villages.
- The societies should give adequate representation to the small and marginal farmers in their organizational set-up.
- The co-operative feeling among members should be inculcated by proper education by organizing seminars and by the distribution of literature.
- There is a need for bringing about a proper co-ordination between credit and marketing co-operative societies to facilities the recovery of loans advanced by credit societies and make available sufficient finance

for marketing societies.

- Co-operative marketing societies should diversify their activities. They should sell the produce and inputs and engage in the construction of storage facilities.

8. Conclusion

Cooperative marketing is an initiative to democratise and leave an open and fair field for producers in the market. As a result, individual chances and risks are significantly minimized, and members have lesser cause to worry. Co-operative marketing has been an important feature of the Indian economy, especially in the agricultural sector. The bulk purchases of oilseeds, fertilizers, seeds and other agricultural outputs greatly benefit from co-operative measures. Through many co-operative marketing strategies, the market price for a given product can be influenced.

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