

Business linkages of the Markfed with Co-operative Marketing Societies in Karnataka – An Analysis*

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ABSTRACT

The objectives of the marketing federations at the state level are to strengthen the working of co-operative marketing societies which are their primaries so as to safeguard the interests of the producers and also consumers by way of arranging for the sale of farm produce and to sell the essential items of consumption to the State's Co-operative Consumers' Federation. In this context, an attempt has been made to know the business linkages of the Karnataka markfed with its member co-operative marketing societies in the State.

It was found that 136 marketing co-operatives were not enrolled as members of the federation. Its business was mainly with its member marketing societies. Only to the extent of 20 per cent of the total number of members of the federation, had business transactions with it. The consumers co-operative societies had no business connections whatsoever with the federation during the past one decade.

The markfed Karnataka has to enroll the PSCSs of Mandya and Dharwad districts to enable them to have direct business with the federation. Also the federation should also enrol the remaining 136 marketing and processing societies existing in the State.

The primary co-operative marketing societies at the taluk level have to perform the functions like marketing of the produce of members, supply of agricultural inputs and consumer articles in rural areas, extending processing, storage and transportation facilities providing pledge loans (marketing finance) and to act as market functionaries in the regulated markets. The consumers' co-operative can make direct purchases from the producers with the

help of the primary marketing co-operatives in such regulated markets.

Though the Federation has increased the enrollment of co-operative institutions as members from 258 in 1960-61 to 533 in 1984-85, it was desirable to know as to number of societies not enrolled as members and number of societies though enrolled as members, not having any business links with the Federation. Hence, the Karnataka State

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Co-operative Marketing Federation was selected purposively.

Objective : The objective was to analyse the business linkages of the Federation with the co-operative marketing societies in Karnataka.

Methodology : The data relating to the study was collected from the records of the Registrar of Co-operative Societies, Government of Karnataka and the Karnataka State Co-operative Marketing Federation Ltd., Bangalore. (as on June 30, 1985). Tabular analysis was used and percentages were worked out.

RESULTS AND DISCUSSION

Non-Member Marketing Co-operatives and the Federation : The Co-operative

marketing societies of Karnataka which had not enrolled as members of the Federation as on June 30, 1985 are presented in Table 1. There were 440 Co-operative marketing societies in the state out of which 188 (42.73%) were TAPCM societies, 186 (42.27%) were special commodity marketing co-operatives and 66 (15.00%) were Processing societies. There were as many as 136 co-operative marketing societies in the state which had not enrolled as members of the federation. Of them, seven (5.15%), 85 (62.50%) and 44 (32.35%) were TAPCM societies, special commodity marketing co-operatives and processing co-operatives in that order. The remaining ones, in each category have been enrolled as members of the Federation.

Table 1. Marketing Co-operative Societies which were not enrolled as members of the Federation in Karnataka (as on June 30, 1985).

Sl. No.	Type of Societies	Member		Non-Members		Total	
1.	Taluk Agricultural Produce Co-operative Marketing Societies (TAPCMS)	181	(96.28)	7	(3.72)	188	(100.00)
		(59.54)		(5.15)		(42.73)	
2.	Special Commodity marketing societies including four central societies (SCMS)	101	(54.30)	85	(45.70)	186	(100.00)
		(53.25)		(62.50)		(42.27)	
3.	Processing co-operative societies (PCS)	22	(33.33)	44	(66.67)	66	(100.00)
		(7.24)		(32.35)		(15.00)	
Total		304	(69.09)	136	(30.91)	440	(100.00)
		(100.00)		(100.00)		(100.00)	

Figures in parentheses indicate percentages, to the concerned row and column totals.

Source : Registrar of Co-operative Societies, Government of Karnataka and the Federation.

Of these 136 non-member marketing co-operatives how many were, really functioning could not be ascertained at the time of our survey. The Federation had a large scope in enlarging its membership by getting these 136 marketing co-operatives enrolled as its members and thereby revitalizing them for serving the purposes for which they were registered. The required initiation had to come from the Federation with

the active support of the State Government.

Member societies and business transactions with the federation: It was interesting to note that the Federation had a fairly large number of member societies, while a vast majority of them had no business links of any kind with the federation. Their distribution is presented in Table 2.

Table 2. Member societies having and not having business transactions with the Federation in Karnataka (as on June 30, 1985).

Sl. No.	Member-ship Class	Member-Societies	Business linkages				Total	
			Having		Not Having			
1.	A	Taluka Agricultural Produce Co-operative Marketing Societies (TAPCMS)	100.00 (92.59)	(55.25)	81 (19.06)	(44.75)	181 (33.96)	(100.00)
2.	A	Special commodity Marketing societies (SCMS) (other than TAPCMS)	6 (5.56)	(5.94)	95 (22.35)	(94.06)	101 (18.95)	(100.00)
3.	B	Processing Co-operative societies (PCS)	2 (1.85)	(9.09)	20 (4.71)	(90.91)	22 (4.13)	(100.00)
4.	B	Consumers Co-operative Societies (CCS)	—		229 (53.88)	(100.00)	229 (42.96)	(100.00)
Total			108 (100.00)	(20.26)	452 (100.00)	(79.74)	533 (100.00)	(100.00)

Figures in parentheses indicate percentage to the concerned row and column totals.

Source : Records and reports of the Federation.

Of the 523 member societies of the federation only 108 (20.26%) had business transactions with the Federation. None of the consumers co-operative societies had any business links with

the federation. However, a majority of the TAPCMS (55.25%) had established a strong business linkage with the federation, while 94.10 per cent of the member special commodity marketing

societies had no business transactions with the federation. Similarly, 90.91 per cent of the member processing co-operatives stayed out of the business orbit of the federation.

In terms of different classes of membership of the Federation it was surprising to find that 92.2 per cent of the B class member societies had no business connections with the Federation, while 37.6 per cent of the A class member societies had established business links with the federation though 92.6 per cent of them happen to be TAPCMSs. Thus, a large chunk of member societies had remained outside the business orbit of the Federation. This fact reflected the scope of the federation for its business expansion.

As regards the B class members, out of 22 processing co-operative societies, only two (9.09% of the total) had some sort of business connections with the Federation whereas 20 (90.91% of the total) had no business connections at all. The consumer's societies (229) which had been enrolled prior to the establishment of the CONFED (Karnataka State Co-op. Consumers Federation) were still continuing as B class members of the Federation without having any business connections with the Federation.

Summary and Policy Implications: It was obvious that the Federation had its business transactions mainly with the TAPCM societies which could be considered as real pillars of the federation. The other member societies which had no business transactions should be induced and revitalized by providing managerial assistance and credit facilities and subsidies.

The commodity marketing co-operative societies should be considered as B class members of the Federation and they should be represented by one Director on the Board of Management of the Federation.

Since, the consumers co-operative societies had no business connections whatsoever with the federation during the past one decade, they may be treated as C class members of the federation.

The Board of management has to be reconstituted by considering all special commodity marketing societies as B class members of the Federation with the provision for one Director to be elected by such societies in lieu of that of the consumer societies and the consumer societies should be treated as 'C' class members of the Federation and by retaining the remaining representations as they are. This change would provide a broad base for the TAPCMSs on the Board of management which are the real pillars of the Federation.

The CONFED should reciprocate in having one Director representing the federation on its Board of Management so as to ensure better co-ordination in their functions and responsibilities at the State level.

The Federation should enroll the PSCSs of Mandya and Dharwad districts to enable them to have direct business with the Federation.

The Federation should also enrol the remaining 136 marketing and processing societies existing in the State. (A separate research study is required to know the working conditions of these societies).