

## **Marketing of Cooperative products: Challenges and Social benefits**

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"In cooperatives, men and women have in their hands the tools to fashion their own destiny."

Murray D Lincoln

### **What is a cooperative?**

“A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise”

They are business entities where people work together to solve common problems, seize exciting opportunities and provide themselves with goods and services. A cooperative is managed on the basis that the customers of a business are also the owners of the business. Each customer is entitled to become a member of the cooperative society, thereby receiving the benefit of success via a dividend payout.

The beginning of this great movement is dated back to 1844, when a group of men known as the ‘Rochdale Pioneers’ began trade in grocery produces in England, based on a ‘new’ principles of fair prices for reliable quality goods. These organizations are better recognized world wide, for their non-profit character and root level social functioning on voluntary basis. Voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives and concern for community are the principles of cooperatives.

Self help, self responsibility, democracy, equality, equity and solidarity are the values of cooperative organizations. In the tradition of its founders, the movement also follows such ethical values as honesty, openness, social responsibility and caring for others. Needless to say, it is a social movement and its growth will unanimously result in the wholesome growth of the society.

### **Cooperatives in India**

Cooperative movement in India has celebrated its centenary year of service recently. Indian cooperatives are unique as they were initiated and supported by the government. Elsewhere it had always been organized only by volunteer members with least or no government intervention. In India it was introduced in 1904, as the planners of the country firmly believed that it could serve for national development and also could serve as a shield in protecting the vulnerable section of populace, especially the farmers from certain social evils like agricultural backwardness, poverty and rural indebtedness.

Though they were initially organized only as the credit institutions, Indian cooperatives today, tirelessly serve in endless areas of services. They serve in credit and non credit areas. They deliver credits for agriculture as well as non agriculture purposes. They operate their businesses in numerous non credit phases too. They work for milk producers, agricultural producers, weavers, consumers, fishermen, coir makers, employees, students of universities and colleges, and for many others.

### **Important Segments of Indian Cooperatives**

- Cooperative education and training
- Agricultural credit cooperatives (production)
- Agricultural credit cooperatives (investments)
- Non agricultural credit cooperatives (urban banks)
- Cooperative marketing
- Tribal cooperatives
- Fertilizer cooperatives
- Consumer cooperatives
- Weaver cooperatives
- Sugar cooperatives
- Cooperative spinning mills
- Industrial cooperatives (non weavers)
- Dairy cooperatives
- Fisheries cooperatives
- Housing cooperatives
- Labour cooperatives
- Poultry cooperatives

<b>Share of Cooperatives in National Economy - in per cent</b>	
Rural Network(Villages Covered)	100.00
Agricultural Credit Disbursed by Coops	46.31
Fertilizer Disbursed (6.103 million Tonnes)	36.60
Fertilizer Produced (for Nitrogen-N)	14.80
Fertilizer Produced (for Phosphorous -P )	23.50
Sugar Produced (7.062 million Tonnes)	54.95
Capacity Utilization of Sugar Mills	85.70
Wheat Procurement	27.80
Jute Procurement (1997-1998)	21.50
Retail Fair Price Shops(1,25,200)	28.00
Milk Procurement to Total Production*	6.70
Milk Procurement to Marketable Surplus	10.00
Oil Marketed / Procurement	51.00
Spindleage in Coop (3.313 Million)	10.00
Cotton Marketed / Procurement	67.50
Cotton Yarn / Fabrics Production	22.00
Handlooms in Cooperatives	55.00
Fishermen in Cooperative (active)	21.00
Storage facility (village level PACS)	62.50
Soya Been Production*	7.50
Self- Employment Generated for Persons(min)*	12.50
Salt Manufactured	7.40

### Development Of Cooperatives In India: State Wise

<b>Cooperatively Developed States</b>	<b>Cooperatively Under Developed States</b>	<b>Cooperatively Least Developed States</b>
Maharashtra, Karnataka, Kerala, Haryana, Punjab, Gujarat, Tamil Nadu, Union Territories of Delhi Daman & Diu, Dadra & Nagar Haveli, Chandigarh and Pondicherry.	Uttar Pradesh, Himachal Pradesh, Andhra Pradesh, Rajasthan, Orissa, Madhya Pradesh, Uttaranchal, West Bengal, Union Territories of Andaman and Nicobar islands and Lakshdweep.	Jharkhand, Assam, Meghalaya, Manipur, Tripura, Nagaland, Jammu & Kashmir, Mizoram, Bihar, Arunachal Pradesh and Sikkim

### What are their merits?

**Utopian principles:** The principles themselves are the strength of cooperative business. The open and voluntary membership and democratic member control (one member; one vote) concepts strives to ensure equal growth opportunities to all citizens of the state who have common business needs and aspirations. It also ensures their direct participation in the business.

**Non profit character:** Cooperatives are basically welfare driven rather than being profit driven. This doesn't mean they are charitable like, but protecting and promoting the economic and social well being of their members is the primary concern of cooperatives. The concept of 'member economic participation' insists economic benefits to members via dividend payout in proportion to their business involvement, 'the higher you participate in the business; higher will be your dividend'. This is an effective stimulus which encourages member's involvement in cooperative business.

**Root level functioning:** They are root level organizations familiar to all, as they effectively operate public distribution system in each village of the country. Everywhere you go; there will be some cooperative society or bank. The point is they need no introduction and if they could

offer attractive products which exactly meet their customer needs, cooperative businesses could be made successful and prosperous with their known customer band.

**Governmental backing:** Cooperatives are legally recognized institutions supported by governments. This legal backing is their main strength. They are exempted from taxes, stamp duties etc. further they are offered with technical, financial and administrative assistance by the governments. This enables the cooperative businesses to generate the sufficient capital investments for their business operations with least effort.

**Internationally recognized:** The principle ‘cooperation among cooperative’ is really unique. It serves as the base to cooperatives to expand their business operation as far as possible. Now a handloom product woven at Chennimalai area of Coimbatore district in Tamilnadu is being exported to Germany and USA.

**Are they kick and alive?**

Sure, they are. The cooperatives in India have made remarkable progress in the various segments of Indian Economy. There are 5.03 lakh cooperative societies with a membership of more than 20.9 crores and working capital of more than Rs.227111.8 crores. Despite the keen competition from nationalized and private sector banks cooperative societies play a dominant role in the rural credit sector and disburse as high as 46 per cent of total agricultural credit.

They are distributing 36% of total fertilizers in the country. The share of cooperatives in sugar production is nearly 55%, in spindlege 10%, in yarn production 22.1% and in coverage of handlooms 55%. The cooperatives are playing a very important role in the public distribution system to serve the weaker sections of the community. Nearly 28% of the rural fair price shops are within the cooperative fold. Cooperatives have also played an effective role in exports.

Cooperatives are working tirelessly in many areas. The Krishak Bharati Cooperative Limited (KRIBHCO) of India is the largest cooperative based fertilizer unit in the world. The Indian Farmers fertilizers Cooperative Federation (IFFCO) is also a renowned name for its fertilizer products from cooperatives; the National Cooperative Marketing Federation (NAFED), the National Cooperative Consumers’ Federation (NCCF), are famous for cooperative marketing and consumers activities respectively. The utterly delicious ‘Amul’ products of Gujarat are successful contribution from dairy cooperatives; Co-optex of Tamilnadu is successfully exporting its weaver produces through its ‘co-optex’ international wing; the ‘coirfed’ products of Kerala, the synthetic yarns of Pertrofiles cooperatives, etc are some of the outstanding cooperative products found in the country. ‘Cooperative hospitals’ of Kerala too a unique service in the field of medicine and many more products are there in the list.

Some other successful cooperative ventures supported by the National Cooperative Development Corporation of India (NCDC) are given in the following list.

	<p><b>Agricultural Inputs</b> The Regional Agro-Industrial Development Cooperative Ltd., Kannur, Kerala</p>
	<p><b>Computerization</b> Jawahar Shetkari Sahakari Sakhar Karkhana Ltd., Shri Kallappana Awaede Naga Kolhapur, Maharashtra. Shetkari Sahakari Sangh Ltd., Old Palace, Kolhapur, Maharashtra</p>

	<p><b>Fisheries</b> Kerala State Coop. Federation for Fisheries Development Ltd., Karuvankonam, Thiruvananthapuram, Kerala.</p>
	<p><b>Handlooms</b> Tamil Nadu Handloom Weavers' Coop. Society Ltd., Egmore, Chennai-8.</p>
	<p><b>Spinning Mills</b> Shetkari Sahakari Soot Girni Ltd., Distt. Sholapur, Maharashtra. Gujarat State Coop. Cotton Federation. Ltd. Ahmedabad-</p>
	<p><b>Sugar Mills</b> The Shahabad Cooperative Sugar Mills Ltd., Kurukshetra, Haryana</p>
	<p><b>Cold Storage, Fruits and Vegetable</b> HOPCOMS, Lalbagh, Bangalore MAHAGRAPES, Pune, Maharashtra Lahoul Potato Growers Cooperative Marketing Society Ltd., Manali (LPS), Himachal Pradesh The Himachal Pradesh Cooperative Marketing and Consumers' Federation Ltd., (HIMFED), Shimla Regional Fruits and Vegetables Producers Coop. Society Ltd., (VEGCO), Thaliparamba, Kerala NAFED, New Delhi Rau Cooperative Cold Storage, Distt. Indore, Madhya Pradesh. Uttar 24 Parganas Krishi Samabya Himghar Samity Ltd., Distt. 24 Parganas, West Bengal. Mahua Cooperative Cold Storage Ltd. Distt-Vaishali, Bihar</p>

### Other side of this rosy picture

The economic reforms which have been introduced since 1991 have given new dimensions to precepts and practices of economic development. However, cooperatives have not been able to take the fullest advantage of the economic reforms, as they have not been provided level playing field. Recently, the Government of India has initiated various measures under the process of Second Phase of Economic Reforms. Despite of having its infrastructure & Multi dimensional activities, the Cooperatives could not take the advantage in the absence of the following main problems

- The products are neither popular among customers nor profitable to the institution themselves.
- stiff competition from private
- Poor participation of members
- weak financial base of societies
- absence of professional management
- ever growing corruption and frauds, etc.

Marketing deals with identifying and meeting human and social needs. One of the shortest definitions of marketing is “meeting needs profitably”. There are five competing concepts under which organizations can choose to meet such customer needs profitably and to conduct their businesses: the production concept, the product concept, the selling concept, the marketing concept and the holistic concept.

The first three are of limited use today in any successful business units whereas in cooperatives they are the most used concepts. Their least or no consideration for the last two highly useful concepts is the main reason for their poor performance. For their poor performance it would not be advisable to wind up all the operations of this great movement as it would result in huge loss in terms of opportunity cost. Hence, Suitable alternative plans must be made to make their products and services more successful and useful to the community. This is really a challenging task for cooperatives.

### **What are the challenges?**

#### **1. Weak economic base**

Most of the cooperative societies are not financially strong enough to deliver vibrant products and services so as to ensure their market share. This is a basic challenge before the cooperatives. They should be made financially self sustained by increasing the member contribution in realistic terms. In addition, the Government or apex organizations like RBI, NABARD, NAFED, NDDDB, etc may issue the needful financial assistance to their respective member cooperatives for this revival process. Such financial assistance to affiliated members by their respective apex organizations is not at all a new suggestion, but financial assistance this time, backed by professional management which will work for assured results, with given responsibility to pay back them on pre determined dates, will make things better and productive.

#### **2. Poor member participation**

Attracting the attention of consumers / a member participant is the topmost as well as the toughest job to be achieved. Thanks, to their root level functioning, cooperatives need not start their marketing operations from square one. They are already familiar to all, now it is enough for them to convert their products or services in to better brands and make their customers to believe these brands are good. Effective changes in strategic and operational marketing plans will help cooperatives for this. Sales promotional activities including powerful advertisements, personal selling, disseminated selling etc, can help cooperatives to get their market domains revived. Members are least interested only because their societies are loss making. If a successful manager/secretary is allowed to take whichever action he consider is good for growth and success, and if he really prove his business successful member participation will be gained automatically. When a strong set of customer bond is developed in the market private competition can be handled boldly and effectively.

#### **3. Absence of common brands**

To make Indian cooperative businesses successful worldwide, we need more number of common brands which is absent today. Dairy products for example, bear individual names in each state as ‘milma’ in kerala, ‘aavin’ in tamilnadu, ‘parag’ in uttarpradesh, etc and they are well-known as cooperative products to people of that particular state only. Instead, if we could integrate them under a common brand it will be more successful and beneficial. It will be recognized as the cooperative product of India not only by Indians but also by the people abroad. This will reduce the marketing overheads including advertise ment costs and will also result in high reach as a single advertisement serves the purpose in place of many.

#### **4. Uneconomic demand**

Thanks to their PDS operations, they are usefully popular among the economically weaker sections. But in open market their products are found less popular and least demanded. Many cooperative stores do not offer shopping environment to a general consumer, i.e., their location,

infrastructure, interior, etc are not as great and convenient as of their private competitors. Since research and development towards innovation is limited in cooperatives, they could offer products only with limited quality and variety which reduces the buyer's interest to pay a shopping visit. Further, private businesses educate their customers through aggressive advertisements which is lacking in cooperatives. Only limited advertisements are given for cooperative products, for example 'kool cafe' of AMUL and Cooptex advertisements. Even they are quality wise good enough, how shall they know our products unless we let them know?

### **5. Diluted management**

The success of cooperative businesses lies in their democratic way of management. The boards of cooperative societies in many places, for example in Tamilnadu, have been liquidated, and the businesses are handed over to bureaucrats who are more administrative like than being businesslike. But the member's interest and participation is vital for success than any other thing. When the members have no say in their own business, their patronizing can not be expected to continue. It is after all their business, why they should be refused to administer it anyway? The justification for such unhealthy official intervention is given on the basis that governments have made huge financial investments in cooperatives. But this too, should be remodeled.

### **6. Losses and increasing NPAs**

Cooperative businesses are loss making and dormant with few exemptions. Especially the ever growing bad debts and non performing assets in credit cooperatives have made their financial shape the worst. Increased number of willful defaulters, political interferences in loan recovery, waiver practices of governments, weak and delaying recovery tribunal processes, ineffective credit administration and supervision, artificial profit showing in the accounts, increased frauds and misappropriation of money etc are the causes for their business losses. Lesser product strength, inability to attract customer due to poor quality or limited variety, absence of effective advertisements and successful marketing plans are the main reasons for their failures in non credit businesses.

### **7. Corruption and frauds**

Red tapism in business operations, vested interests of bureaucrats and increased corruption and frauds are the other challenges which affect the efficiency of cooperative businesses. Unless such offences are severely punished it will erode their financial soundness like anything and will hinder their successful operation in the market. Regular audit of accounts, sincere action against misappropriation of funds if any are mandatory to ensure their viability.

### **What morphing is needed?**

Cooperatives today are viewed as failed institutions encircled by inefficiency and corruption. This should be changed. People don't believe what you intent to do, rather they judge you only by the things what you have done. If cooperatives can give successful products, sure they will believe cooperatives are kick and alive. But can cooperatives give such products? Yes they can. All that needed is their morphing into new design of working so that these weaknesses can be managed effectively.

#### **1. Raise your share capital:**

Cooperatives in general, collect very nominal contribution (as low as Rs10) from members towards share capital with a view to enable even the poor to become a member. This liberal approach is jeopardy. It has neither helped the business to grow nor has empowered the members. Rather it has eroded their bindings with the business. Since the money investment is very meager their real involvement in business operations has become a question mark. So raising share value will result both in increased member involvement as well as business soundness. For example, Oneota a successful consumer cooperative store in England collects \$150 per share from their members so as to make sure their financial stature strong and healthy. Since the money invested is higher, members show real involvement in business operations and also receive higher dividend.

**2. Make your shop attractive:**

Cooperatives banks attract very limited deposits whereas the local commercial banks could attract a lot. The products in consumer cooperative stores are quality assured and honestly priced; still their sales curve falls lower than the sales curves of the local private shops, why? The answer is their location and infrastructure. If you really wanna be successful, be near to your customer and present yourself in an attractive way. Unless their infrastructure gives a sense of safety and quality in the minds of their customers, cooperative businesses can not attract the modern day customers. So designing your location in a easily accessible area is essential.

**3. Alter your working pattern**

Cooperative business houses especially the consumer stores and marketing cooperatives whose business is selling something to consumers, can not run their businesses as government offices. They should be available to their customers at the place and time convenient to them. Some time they may need to start their business so early in the morning or stay late in the nights. In order to keep their response positive and continuous, cooperatives should offer them a wonderful shopping experience by introducing self service systems, computerized billing, packing and door delivery for bulk buying etc. Member’s feed back related to non availability of certain goods, quality complaints, price variations, service complaints etc should be viewed and followed up seriously. In short the customer should be made to believe that ‘whatever product the customer names, he will get it from cooperatives at a fair price with reasonable quality’.

**4. Be professional**

The managers of cooperative businesses should be more professional in their market operations. They should be vigil enough to trace new marketing opportunities as and when they appear and make use of them for their further growth. They should make brilliant purchase decisions by studying the market trends, for example investing more in fast moving products may increase the returns. Quality should be the watchword in cooperatives and steps should be taken to reduce the wastages and cost of goods sold. In short, the manager / secretary of a cooperative store should deliver his service in a professional way to prove himself competent and his business successful.

**5. Educate them the reality**

Cooperatives are perceived as government institutions by many. Even the members don’t understand them as their own business units. This ignorance or myopia is the reason why the members of the cooperative themselves are not loyal to the business, the worst part of it is, many a time they readily enjoy the benefits and willfully refuse to pay back their liabilities. All this is because the wrong understanding of the system. Unless they are educated the original nature of the business, realize the need for their own active participation in the business operations, understand the meaning of patronage dividend all other efforts will remain only futile. Publicizing the movement among people, cultivating its values and characters in the tender minds of children can help introducing the great movement to all in a constructive way.

**What new products can be developed?**

Co-operatives		New products
1.	<b>Credit cooperatives :</b> all cooperative banks-PACBs, DCCBs, SCBs and urban cooperative banks	ATM cards, cheque, demand draft facilities may be introduced right from the primary level – core banking is essential for this.
2.	<b>Non credit cooperatives :</b> consisting	all production and service cooperatives
	i. dairy cooperatives	AMUL is already doing things well, perfect market plans can be made for acquiring market leadership throughout the country.
	ii. weavers cooperatives	Low cost silk sarees, customized silk sarees as per spl, designs ordered by customers.
	iii. consumer cooperatives	Existing societies can be revived (maximum

		No. of product varieties with assured quality must be ensured. Location should be nearby and convenient. Example: ponni and chinthamani cooperative Super markets in Tamil Nadu
	iv. marketing cooperatives	Existing societies can be revived Ex :Thiruchengodu marketing in Tamil Nadu
	v. food processing cooperatives	Fruit jam, juice processing, potato chips, pickles, cereals and pulses processing, etc.
	vi. agro service cooperatives	Cold storages, refrigerated trucks, manufacturing of agricultural implements like sprayer, power tiller, pesticides, etc
	vii. fishermen cooperatives	Cold storages, refrigerated trucks, fish processing for exports, dry fish products, boat and net manufacturing and service units,
	viii. tribal cooperatives	Processing of hill products like honey, pepper, cashew ,cardamom & other spices for exports
	ix. farming cooperatives	Fodder crops for milk producers, oil seeds for fuel manufacturing, etc.
<b>3.</b>	<b>Business diversification</b> : suitable to any strong & viable cooperative (credit or non credit) – for their additional income generation	Petrol and kerosene bunks, domestic LPG agencies, medical stores, package & movers, courier services, browsing centre, meat processing and packing for exports, etc.

### How to market them successfully?

AIDA model can be used here. Attracting customers through advertisement and marketing strategies is the step one. Customer/ member Interest can be created through artful persuasion. Desire may be kindled by enhancing reference group opinion and by ensuring product availability, nearness, price benefits, etc and the feed back must be followed up seriously in order to ensure customer action. Attract the customers through your unique services, build confidence in them about the product quality and make them to buy. Here the quality should be the watchword for customer retention than your mere availability. Once you disappoint them, quality wise they won't be coming back to you ever.

For example the cooperative milk booths cum cafeterias are found in each city bus stands like Coimbatore, Erode, and Salem etc in Tamil Nadu. That means you really make your services available at important spots, even during such odd hours as midnight. but quality? It is only because of the poor quality; people rush to the nearby private tea shops first and prefer your services the next. Quality in these spots can be maintained by running your own outlets rather allowing private licensees or insist them to maintain quality failing which will cause the cancellation of their license etc. but this is an example only. The point here is, consumers today are quality conscious rather than being price minded. Only the quality of your products coupled with fair price and regular supply can help you to attract and retain your customers in the long run.

### In banking chapter

The cooperative network in banking sector is excellent. They serve for agricultural as well as nonagricultural financing. They issue short term and long term loans. They operate in urban areas and in deep rural areas. Thus their mission and closeness with customers is fine. The Only disheartening thing is their ever growing corruptions and weak participation of members. However, these unhealthy business conditions must be healed by adopting suitable strategic decisions and these cooperative banks can be made units selling banking services as successful as the units of any other nationalized or private banks.



Bank customers in general, compare the location advantages, safety arrangements, speed, convenience and professionalism in transactions, product width available with the banker, etc before stepping in to a bank for availing some banking service. The hard to reach, far away branches with limited products functioning in poor lit, less ventilated godown like buildings can't be an attraction of depositors. Unless the bank's infrastructure gives confidence in the minds of the member customer with its professional look and perfect safety arrangements we can't make the member participation complete and fruitful.

Lack of professionalism is another reason why members hold weak opinion on cooperative banks. Well educated, qualified staff members with adequate knowledge and training in attracting and retaining customers, investment and recovery, in handling computers and accounts, etc may be appointed in banks. They must be well paid and target driven, because cooperative bank employees at present are less enthusiastic as they are poorly paid.

The product range available with cooperative banks at present is highly limited and less attractive. The recently introduced kisan cards are little bit improvement in this front. Nevertheless, modern banking instruments such as ATM cards, inter bank cheques, demand drafts, etc are not available with cooperative banks. This is mainly because of their limited area of operation. A cooperative is expected to limit its operations only within the areas mentioned in the byelaws. A commercial bank customer today can deposit his money in Lucknow and can easily withdraw it in Kozhikode, thanks to the advent of core banking. But a cooperative bank customer can withdraw his money deposits only in that particular branch where he deposited it, that is on working days only, not on Sundays, not on any other holidays, and that too not after the working hours as there is no ATM facility. This is why cooperative banks fail to attract customers. Customers will prefer uninterrupted banking services to any such conditional services.

However introducing value added services like ATM, cheque, demand draft and other facilities in cooperative banks may be helpful in attracting and retaining more customers (both members and general public). In this process the problem of area of operation should be addressed first. For this their entire functions may be grouped in to two as the local and centralized services. Deposit collection, Loans operations, recovery processes, safety locker facility etc may be grouped in to local service list. ATM facility, Cheque facility, Demand draft etc may be treated as items for centralized services which can be provided with the help of the concerned DCCBs and State Cooperative Bank.

**Introducing ATM:** ATM cards can be issued to members by the State Cooperative Bank. Any member who opens a savings bank account in any cooperative bank in the state (Primary society or urban bank or DCCB) can apply for this ATM card. DCCBs may act as an intermediary in this process. Suppose, a member of PACS in perianaicken palayam taluk of Coimbatore wants an ATM card, the said PACS may route this application to the TNSC Bank and obtain the card through the Coimbatore DCCB and may issue to the member. The member may be asked to keep a minimum balance of Rs 1000 as compulsory requirement to avail this facility. Rs 500 of this minimum balance shall be kept in the DCCBs as the reserve for outstation ATM payment. Initially, ATM counters of State Cooperative Bank must be opened in all taluk head quarters in the state. Thus we can make sure that any cooperative member of any taluk of any district goes any where in the state he will find an ATM counter in that locality.

The establishment and cash maintenance of ATM counters in each district shall rest with the DCCB of that district. Now, this member who has deposited his money in the perianaicken palayam PACS in Coimbatore district goes to Chennai and withdraw some money in the ATM counter at Egmore. However he can't withdraw the minimum reserve. Since core banking system is enabled, as soon as he inserts the card and inputs the password the machine shall read the bank name and area of the card holder along with his account balance and will allow him to withdraw the needed money. The equal money shall be debited in his account in the concerned Coimbatore DCCB which shall make payment to Chennai DCCB on netting basis on regular time interval. If

the reserves go below the mark, the customer may be asked to fill the gap in order to avail the said benefits.

Following the same process, the members may be allowed to use cheque, demand draft facilities which can be accepted and transferred throughout the country. They must be given equal status as that of cheques and drafts of commercial banks. The governments may help and guide the cooperatives accordingly, to make detailed plans for meeting the legal qualifications in this front. The payments made against various government and educational transactions allow the applicants to make the pay ment either in the form of DD from Nationalized banks or as Indian Postal Orders. If the Government legally allows making such payments also in the form of demand drafts issued under the name of State Cooperative Banks this will increase the business of cooperative banks more legal and the most popular.

### **In weavers societies**

Production plans backed by careful market research and development will make the marketing of weavers' cooperative products profitable. This is how the 'Cooptex International', an export wing of 'Cooptex' of Tamilnadu has become a successful business unit. Cooptex today sells the textile products produced by their member societies through their direct outlets spread throughout the country and abroad. Cooptex international exports its apparels such as sarees,curtains, covers, woolen, bed spreads, etc to more than 20 foreign countries including America, Germany, Italy, china and Japan. But this is an exceptional; we can't ignore the fact that products of many district or village level weaver societies remain unsold for want of demand.

The trouble with them is this; they could not attract customers as they don't meet their needs in real terms and until they rely with production and selling concepts for their businesses weavers' cooperatives will not succeed. Right now they are producing sarees and dhoties of sub standard / coarse quality which do not attract the customers. Their products are considered just good enough to distribute as free goods under government sponsored programmes. This is why their godowns are being piled up with uncleared stocks. It should not be so.

The members of the weaver societies should be trained and assisted to modernize their production units, to produce materials of worthy quality, which are attractively designed so that the general customer may please to buy their products. To be successful in the field, they should study the market needs in close terms to find out the hot products which are demanded the most and should start producing them rather than stick to the traditional products which are found hard sell. In short, they will succeed only when they could see and satisfy their customer needs.

The Cooptex international of Chennai ( at Egmore) in Tamilnadu shows us how to see the customer expectation through their eyes. Now their customers are empowered to customize the product's quality and design in the way they want it to be. For example, if a customer wants to buy a silk saree for her marriage which bears her photograph beside her would be husband, now she can order for the one and the cooptex international will supply the saree with the accurately woven photographs of the couples.

### **In agro-food processing**

India is the second largest producer of fresh fruits and vegetables in the world (market size \$ 90 bn) but about 35 per cent of this produce goes waste because of non availability of appropriate infrastructure like cold chains, warehouses, food processing, refrigerated trucks etc. If this can be corrected the country can become self sufficient and even export fresh fruits and vegetables abroad. This will also empower the farmers to fetch higher price for their produces. The food processing industry is gaining momentum these days. No other sector is as close to farmers as that of cooperatives in India. Cooperatives help the Indian farmers technically and financially to produce, process and market their agricultural produces profitably.

Now it is the chance of cooperatives to track down the niches and make use of them for their business up gradation. They may start providing cold storage facilities, ware houses, and

refrigerated trucks for transporting perishable agro products. Agro food processing units may be revived or newly started in all possible areas. For example, the Nilgiris District Marketing Cooperatives in Tamilnadu had once tried manufacturing potato chips on commercial basis but gave it up in the later years deciding it wasn't feasible. But in practice, many private wafer manufacturers like uncle chips, lays, kurkure etc have successfully penetrated in to the market and are making a lot of money. That means, if careful studies are made to identify new opportunities in areas of agricultural production and processing and are approached with thorough marketing plans it will really give a 'big push' to cooperatives in this area.

### **In dairy promotions**

Thanks to the 'Operation Flood' efforts of NDDDB, India stands the first in milk production today. The 'AMUL' pattern dairy cooperatives serve for a dual purpose in the industry, namely marketing the products of milk producers- thus offering certain stable income to the members by inducing the capacity of collective bargaining; and also supply the people the hygiene milk and milk products at competitive price. The Amul preferred outlets (APO) of Gujarat offer varieties of dairy products throughout the country, which are excellent in quality and are reasonable in price.

Each state has its own cooperative brand of milk and milk products such as, 'aavin' in Tamilnadu, 'milma' in Kerala, 'parag' in Uttarpradesh, etc. Yet the dairy industry is not free from stiff competition from private vendors. Intensive selling efforts for dairy products will make dairy cooperatives more successful. Bringing all of them under a common brand will enable the national and international customers to recognize and patronize them easily. Further this will reduce the advertisement costs and efforts.

Steps may be taken to obtain bulk orders for supplying dairy products against constant demand. One main source for such bulk order, for example, is obtaining orders from the catering services of the Indian railways. Millions of people travel in rails everyday and consume food, beverages and snacks. If the NDDDB could persuade the railway ministry, and the dairy cooperatives could obtain supply orders from them, for supplying their food materials such as milk, curd, buttermilk, milk beda, ice creams like amul, canned cold drinks like kool café, snacks like potato chips, etc then, the demand will be assured. All these dairy products shall be produced in the local plants of every state under the same brand, standards, quality, taste and price and shall be supplied by them in their respective state. Further with the collaboration of cooperative institutions abroad, the NDDDB may strive to obtain export orders for supplying dairy products to foreign countries. Such efforts will facilitate the marketing of dairy products and will strengthen the dairy cooperatives to a great extent.

### **What will be the social benefits?**

#### **1. Creation of employment**

When common brands are developed for cooperative products, and are disseminated among consumers successfully, the resultant benefits then to the society will be limitless. It will offer huge direct and indirect employment opportunities to their members and will empower them with assured income. For example increased demand for dairy products will hire additional work force in dairy plants. It will also encourage breeding of milch animals and thereby help the women and cattle herders to earn additional income through milk production. Increased demand for processed agricultural products such as potato wafers, pickles, fruit jam etc can directly give employment to their members in the processing plants as well as indirectly it will induce the employment of farmers who produce the raw materials for such processed food.

#### **2. Price holding and stability**

Successful marketing of cooperative products will ensure their dominant position in price holding which safeguards the economic interests of general public. For example the price line of the milk pockets supplied by the private dairies are under control only because the tough competition

posed by the cooperative dairies. When the cooperative consumer store successfully operate in a market the local super markets/ private groceries will be compelled to fix nominal price for the goods they sell. These price advantages in the long run will help the cooperatives to win the community support and the faith over this great democratic movement will be regained once again.

### **3. Agricultural production will increase**

The economy of any developing country shall be agro based one, India is not an exception. Despite her planned growth in many spectrums of industrial sector, Indian economy still remains agro based one. Understanding the need for developing the country in the agricultural way the Union Government has said the agriculture will be given the prime concern in the next plan. When the products of agro based cooperatives are marketed successfully, it will boost up agricultural production as well as employment opportunities in this vast field. The farming cooperatives, farmers service societies (FSS), Primary Agricultural Cooperative Societies (PACS), Fertilizer cooperatives, agro implements manufacturing units, agro processing units, etc can take an active part in this vital revolution.

### **4. Increased GDP & International trade links**

When common brands are developed for cooperative products and are made as leading brands in the domestic market, cooperatives can extent their horizon globally by making memorandum of understanding with successful cooperatives abroad. Dairy products, textile products, leather goods, spices and other processed agricultural goods, processed food items such as canned meat; fish, etc can be exported by cooperatives, provided they meet the quality conditions demanded by the concerned foreign country.

### **5. Public distribution system will be strengthened**

Cooperatives deliver inevitable services to the economically weaker section of people through their public distribution system. They distribute food materials such as rice, wheat, sugar, atta and other materials like kerosene at subsidized rates. Besides they also distribute handloom products such as sarees and dhoties under the free distribution scheme of the governments. The successful existence of the movement will ensure the protected, caring institutional set up like PDS shops, to the people who struggle below the poverty line.

### **6. Creation of social assets**

Success of cooperative will create a strong and value based society where the under privileged communities such as scheduled caste and scheduled tribes, women and other vulnerable populace are economically empowered as they shall be given equal opportunity to take direct participation in activities like production and marketing. It shall be a utopian world where people will observe high morale namely brotherhood in participation, honesty in dealings and found prosperity in all their operations. But until people are ready to make out of box thinking, shed away the evil beliefs such as caste and religion, try to understand the basic of cooperation and cooperate accordingly all these benefits shall be remaining only as a dream.

## **Conclusion**

To quote the words of Juan Somavia, ILO Director-General "Co-operatives can be highly instrumental in enabling and empowering women and men to seize the opportunities created by globalization and in providing a buffer against its downside". Cooperatives should not be understood simply as a business structure alone, rather it should be recognized by its inbound values. It is a way of life, it is a movement and it is the world class religion which preaches democracy, togetherness, humaneness, empathy and concern for others while showing some one the way to improve his own life socially and economically through collective efforts. The fight against poverty is a global battle and cooperatives shall be the only armory. When systematic plans are made to make their marketing efforts fruitful and their products popular among customers, it will not only be beneficial to the cooperatives, but also to the society as a whole.