

CHAPTER.5

COOPERATIVE AGRICULTURAL MARKETING INSTITUTIONS

Co-operative Marketing

The establishment of co-operative marketing societies was another step which has been taken to overcome the problems arising out of the present system of marketing agricultural produce. The objectives of economic development and social justice can be furthered by channelising agricultural produce through cooperative institutions.

Private agencies dominate the Indian food grains trade. Farmers complain of the marketing system because they get lower prices, due mainly to high marketing charges and the prevalence of malpractices. The efforts of the government to improve the marketing system of agricultural commodities have been only partially successful in creating healthy conditions for scientific and efficient marketing. Moreover, the progress of regulated markets is not uniform in all areas. The need for strengthening co-operative organization has, therefore, been recognized for the marketing of the produce of farmers and for making inputs available for them at the right price and time. The co-operative institutions are expected to function as competitors of private traders in the market. These organizations pool the produce of the small farmers having a small surplus to market and improve their bargaining power. They have also helped government agencies in the execution of the policy decisions bearing on the procurement and distribution of food grains and other essential commodities.

Meaning

A co-operative sales association is a voluntary business organization established by its member patrons to market farm products collectively for their direct benefit. It is governed by democratic principles, and savings are apportioned to the members on the basis of their patronage. The members are the owners, operators and contributors of the commodities and are the direct beneficiaries of the savings that accrue to the society. No intermediary stands to profit or loss at the expense of the other members.

Co-operative marketing organizations are associations of producers for the collective marketing of their produce and for securing for the members the advantages that result from large-scale business which an individual cultivator cannot secure because of his small marketable surplus.

In a co-operative marketing society, the control of the organization is in the hands of the farmers, and each member has one vote irrespective of the number of shares

purchased by him. The profit earned by the society is distributed among the members on the basis of the quantity of the produce marketed by him. In other words, co-operative marketing societies are established for the purpose of collectively marketing the products of the member farmers. It emphasizes the concept of commercialization. Its economic motives and character distinguish it from other associations. These societies resemble private business organization in the method of their operations; but they differ from the capitalistic system chiefly in their motives and organizations.

Functions

The main functions of co-operative marketing societies are:

- (i) To market the produce of the members of the society at fair prices;
- (ii) To safeguard the members for excessive marketing costs and malpractices;
- (iii) To make credit facilities available to the members against the security of the produce brought for sale;
- (iv) To make arrangements for the scientific storage of the members' produce;
- (v) To provide the facilities of grading and market information which may help them to get a good price for their produce;
- (vi) To introduce the system of pooling so as to acquire a better bargaining power than the individual members having a small quantity of produce for marketing purposes;
- (vii) To act as an agent of the government for the procurement of foodgrains and for the implementation of the price support policy;
- (viii) To arrange for the export of the produce of the members so that they may get better returns;
- (ix) To make arrangements for the transport of the produce of the members from the villages to the market on collective basis and bring about a reduction in the cost of transportation; and
- (x) To arrange for the supply of the inputs required by the farmers, such as improved seeds, fertilizers, insecticides and pesticides.

History

The history of co-operative marketing in India dates back to 1912, when the Co-operative Marketing Societies Act, 1912 was passed. The first Co-operative Society was formed in Hubli in 1915 to encourage cultivation of improved cotton and to sell it collectively. In 1918, The South Canara Planters Co-operative Sale Society was formed in the then Composite Madras Province for joint sale of arecanut. The Royal

Commission on Agriculture (1928) stressed the need for group marketing instead of individual marketing. The Central Banking Enquiry Committee (1931) also underlined the need for organized marketing. The XI Conference of Registrars of Co-operative Marketing also emphasized the need for cooperative marketing. In 1945, the Co-operative Planning Committee recommended that at least 25 per cent of the marketable surplus should be channelised through Co-operative societies within the next 10 years by forming one society for a group of 200 villages.

The All India Rural Credit Survey Committee (1954) brought to light the dismal performance of the existing marketing co-operatives. In a sample of 75 districts surveyed, there was no co-operative marketing society in 63 districts. In remaining districts only around one per cent of the total sale of agricultural produce was done through the societies. The committee suggested the establishment of primary co-operative marketing societies and linking of credit with marketing. The First Five Year Plan (1951-56) laid stress on the establishment of agricultural marketing and processing co-operative societies. In 1958, the National Agricultural Co-operative Marketing Federation (NAFED) was established as the apex body of co-operative marketing. In 1963, the National Co-operative Development Corporation (NCDC) was set up for promoting programmes relating to co-operative societies. The Mirdha Committee (1965) recommended that the membership of agricultural marketing societies should be restricted to the agriculturists and traders should not be allowed to join agricultural marketing societies.

The Dantwala Committee (1966) stressed the need for co-operation and integration among the various co-operative organizations after reviewing the pattern of co-operative marketing, distribution of inputs to farmers and supply of consumers products. Based on the survey of the co-operative marketing societies in 1968, the Reserve Bank of India recognized that effective linking of credit with marketing was necessary. The All India Rural Credit Review Committee, 1969 also recommended the strengthening of co-operative marketing, with a view to helping the government agencies in the execution of price support programmes. There is a multi-state cooperative marketing Act in place now.

Types

On the basis of the commodities dealt in by them, the co-operative marketing societies may be grouped into the following types:

(i) Single Commodity Co-operative Marketing Societies

They deal in the marketing of only one agricultural commodity. They get sufficient business from the farmers producing that single commodity. The examples are Sugarcane Co-operative Marketing Society, Cotton Co-operative Marketing Society and Oilseed Growers Co-operative Marketing Society.

(ii) Multi-Commodity Co-operative Marketing Societies

They deal in the marketing of a large number of commodities produced by the members, such as foodgrains, oilseeds and cotton. Most of the co-operative marketing societies in India are of this type.

(iii) Multi-purpose, Multi-commodity Co-operative Marketing Societies

These societies market a large number of commodities and perform such other functions as providing credit to members, arranging for the supply of the inputs required by them, and meeting their requirements of essential domestic consumption goods.

Structure

The co-operative marketing societies have both two-tier and three-tier structure. In the states of Assam, Bihar, Kerala, Madhya Pradesh, Karnataka, Orissa, Rajasthan and West Bengal, there is a two-tier pattern with primary marketing societies at the taluka level and state marketing federation as an apex body at the state level. In other states, there is three-tier system with district marketing society in the middle. At the national level, NAFED serves as the apex institution. The pattern of the three-tier structure is as follows:

(i) Base Level

At the base level, there are primary co-operative marketing societies. These societies market the produce of the farmer members in that area. They may be single commodity or multicommodity societies, depending upon the production of the crops in the area. They are located in the primary wholesale market, and their field of operations extends to the area from which the produce comes for sale, which may cover one or two tehsils, panchayat samitis or development blocks.

(ii) Regional/District Level

At the regional or district level, there are central co-operative marketing unions or federations. Their main job is to market the produce brought for sale by the primary co-operative marketing societies of the area. These are located in the secondary wholesale markets and generally offer a better price for the produce. The primary co-operative marketing societies are members of these unions in addition to the individual farmer

members. In the two-tier structure, the State societies perform the functions of district level societies by opening branches throughout the district.

(iii) State Level

At the state level, there are apex (State) co-operative marketing societies or federations. These state level institutions serve the state as a whole. Their members are both the primary co-operative marketing societies and the central co-operative unions of the state. The basic function of these is to coordinate the activities of the affiliated societies and conduct such activities as inter-state trade, export-import, procurement, distribution of inputs and essential consumer goods, dissemination of market information and rendering expert advice on the marketing of agricultural produce.

The cooperative marketing network of the country includes 27 state level marketing federations 199 district/regional marketing co-operative societies, and 4398 primary cooperative marketing societies besides NAFED at the national level.

Membership

There are two types of members of co-operative marketing societies:

(i) Ordinary Members

Individual farmers, co-operative farming societies and service societies of the area may become the ordinary members of the co-operative marketing society. They have the right to participate in the deliberations of the society, share in the profits and participate in the decision making process.

(ii) National Members

Traders with whom the society establishes business dealings are enrolled as nominal members. Nominal members do not have the right to participate in decision making and share in the profits of the societies.

Sources of Finance

In 1966, the Dantwala Committee estimated a capital base of Rs.2.00 lakhs for a co-operative marketing society. At 2003 prices, it should be at least Rs.40.00 lakhs. The following are the major sources of finance of a co-operative marketing society:

(i) Share Capital

Farmer-members and the State Government subscribe to the share capital of co-operative marketing societies. Members may purchase as many shares as they like. They are encouraged to invest sufficiently in the share capital. They are also persuaded to invest their dividend and bonus in the shares of co-operative marketing societies.

(ii) Loans

Co-operative marketing societies may raise their finance by way of loans from the Central and State Co-operative Banks and from commercial banks by pledging and hypothecation and also by clean credit to the extent of 50 per cent of owned capital.

(iii) Subsidy

The Co-operative marketing societies get a subsidy from the government for the purchase of grading machines and transport vehicles to meet their initial heavy expenditure. They also get a subsidy for a part of the cost of the managerial staff for a period of 3 years to make them viable.

Functioning

The important functions carried out by the co-operative marketing societies are:

(i) Sale on Commission Basis

Co-operative marketing societies act as commission agents in the market, i.e., they arrange for the sale of the produce brought by the members to the market. The produce is sold by the open auction system to one who bids the highest price. The main advantage, which the farmer-members get by selling the produce through co-operative marketing societies instead of a commission agent, is that they do not have to accept unauthorized deductions or put up with the many malpractices, which are indulged in by individual commission agents. As there is no individual gain to any member in the marketing of the agricultural produce through co-operative marketing societies, no malpractices are expected to be indulged in.

This type of marketing is not risky for co-operative societies. But sometimes traders in the market form a ring and either boycott the auction or bid a low price when the produce is auctioned on the co-operative marketing societies shops. These tactics of the traders reduce the business of co-operative marketing societies. Therefore, farmers hesitate to take their produce for sale in the market through co-operative marketing societies.

(ii) Purchase of Members' Produce

Co-operative marketing societies also enter the market as buyers. A society participates in bidding together with other traders, and creates conditions of competition. The commodities thus purchased by a society are sold again when prices are higher.

This system of the outright purchase of the produce by the society involves the risk of price fluctuations. If the managers of societies lack business experience, they hesitate to adopt the outright purchase system. In 1964-65, the National Cooperative

Development Corporation recommended that the outright purchase system should be adopted only by a society which possesses the following qualities:

- (a) The society has a trained manager, i.e., one who is capable of understanding the intricacies of the trade;
- (b) The society is financially sound and has adequate borrowing facilities;
- (c) The society is affiliated to a good viable central level society; and
- (d) The society possesses processing facilities.

(iii) Advancement of Credit

Co-operative marketing societies advance finance to farmers against their stock of foodgrains in the godowns of the societies. This increases the holding power of the farmers and prevents distress sales. Generally, societies advance credit to the extent of 60 to 75 per cent of the value of the produce stored with them. The recoveries are effected from the sale proceeds of the produce of the farmer. This function involves no risk to the society. Moreover, it increases the business.

(iv) Procurement and Price Support Purchases

Co-operative marketing societies act as agents of the government in the procurement of foodgrains and other agricultural commodities at the announced procurement or support prices.

(v) Other Functions

The following functions are also carried out by them, depending upon the availability of funds and other facilities:

- (a) They assemble the marketable surplus of small and marginal farmers and transport this surplus from villages to the society headquarters for disposal;
- (b) They make arrangements for the grading of the produce and encourage producers to sell the produce after grading so that they may get better prices;
- (c) They undertake the processing of produce;
- (d) They make arrangements for the export of agricultural commodities in collaboration with the State Level Co-operative Marketing Federation and the National Agricultural Co-operative Marketing Federation;
- (e) They undertake inter-state trade in agricultural commodities; and
- (f) They distribute agricultural production inputs, such as fertilizers improved seeds, pesticides, agricultural implements, and such essential consumer articles as sugar, kerosene oil and cloth.

(vi) Integrated System of Co-operative Marketing

An integrated programme of co-operative development embracing credit, marketing, processing, warehousing and storage has been formulated. The important features of the integrated system are linking up of credit with marketing, development of agro-processing on co-operative lines and promotion of storage and warehousing.

Cooperative Processing

Co-operative processing is also making good progress in addition to co-operative marketing. The structure of processing units established in the co-operative sector is of two distinct patterns, i.e., those which are set up by independent processing societies, such as co-operative sugar factories and spinning mills and those which are established as adjuncts of co-operative marketing societies, e.g., small and medium co-operative processing units, such as rice mills, jute baling mills and cotton spinning and processing units.

Progress

Information on the progress of co-operative marketing societies in India is given in Table 5.1.

Table 5.1

Progress of Co-operative Marketing and Processing Societies in India

Particulars	1960-61	1970-71	1980-81	1991-92
1. Primary Agricultural Co-operative Marketing Societies:				
(a) Number of societies	3108	3222	3789	7871
(b) Membership (Lakhs)	13.93	26.71	34.51	48.27
2. Value of agricultural produce marketed by Co-operatives (Rs. Crores)	179	649	1950	7100
3. Value of agricultural inputs distributed by Co-operatives (Rs. Crores)	36	317	1114	2475
4. Number of co-operative Sugar factories (licensed)	56	123	179	231
5. Number of Cotton Co-operative Ginning & Processing Societies	155	234	327	327
6. Total Agro processing units in the	300	-	-	2300

co-operative sector				
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The value of agricultural produce marketed through the co-operative marketing societies increased from Rs.53 crores in 1955-56 to Rs.7871 crores in 1991-92. The produce marketed through these societies account for 8 to 10 per cent of the marketed surplus. The important commodities marketed by these societies are foodgrains, sugarcane, cotton, oilseeds, fruits, vegetables and plantation crops. The progress of co-operative marketing societies has varied from State to State and within each State from commodity to commodity. Maharashtra, Uttar Pradesh, Gujarat, Punjab, Karnataka, Tamil Nadu and Haryana together account for more than 80 per cent of the total agricultural produce marketed through co-operatives in the country.

The other important function performed by these societies is the marketing of agricultural inputs viz., fertilizers, improved seeds, insecticides, pesticides, agricultural implements and machinery. Over 70,000 retail outlets of these societies deal in these inputs. The value of agricultural inputs marketed by co-operative marketing societies has increased from Rs.36 crores in 1960-61 to more than Rs.2475 crores in 1991-92.

During the last forty years, the number of Primary Agricultural Cooperative Marketing Societies increased from 3108 in 1960-61 to 7871 in 1991-92. By the end of March, 1992, there were 2933 general purpose primary cooperative marketing societies, 4938 special commodity primary cooperative marketing societies, 191 district/regional marketing societies and 29 state cooperative marketing federations. These apart, there are 16 commodity-marketing federations, National Agricultural Cooperative Marketing Federation (NAFED) and National Cooperative Development Corporation (NCDC) at the national level. The value of produce handled by the cooperatives multiplied manifold from Rs.179 crores in 1960-61 to over Rs.7100 crores in 1991-92. In addition, these institutions had supplied inputs to their members for agricultural activities valued at Rs.2475 crores in 1991-92 compared to Rs.36 crores in 1960-61. The cooperatives have continued to maintain their share at around 30 per cent in the total fertilizers distributed to the farmers in India.

The cooperatives have constructed warehouses with a total storage capacity of 13.55 million tones by the end of March, 2000 compared to 8.0 lakh tones by the end of March, 1961. For specific commodities viz., cotton and oilseeds, growers societies in cooperative sector also exist at regional level with state level federations at state level to deal with the specific problems in marketing of these crops produced in specific areas. For the benefit of sugarcane growers, there are 231 cooperative sugar factories in the

country which provide marketing and price support to the sugarcane growers of their hinterlands. The cooperative sugar factories account for around 60 per cent of the total sugar produced by 408 sugar factories in the country. In northern states, where private sugar factories dominate the cane market, there are several cane growers cooperative societies to manage the supply of cane produced by the farmers to sugar factories. There was also two-fold increase in cotton spinning and processing societies in the country during the last forty years.

In Gujarat, Maharashtra, Andhra Pradesh and Tamil Nadu, considerable quantities of the food grains are marketed by co-operative societies. In Maharashtra and Uttar Pradesh, 75 per cent of sugarcane, in Maharashtra and Gujarat, 75 per cent of cotton, and in Karnataka 84 per cent of plantation crops are marketed by the co-operative societies. However, the progress of co-operative marketing societies has been far from satisfactory in most states of the country because farmer-members do not patronize these societies for the sale of their produce. Instead, they use the services of commission agents.

The success of cooperative marketing is not universal across commodities, sectors and geographical regions.

(i) The performance of cooperatives in dairy and sugarcane sectors is noteworthy. Dairy cooperatives present the most successful example of cooperative marketing.

(ii) The success of cooperatives and transforming the social and economic landscape of Gujarat state and some other parts of the country is a testimony of the role of cooperatives in agricultural marketing in the country.

(iii) The role of the cooperatives in improving the marketing environment for farmers have also been quiet significant.

However, the cooperatives as a whole account for only 10 per cent of the total quantities of agricultural commodities marketed by the farmers. This share needs to be improved in the light of predominance of small-scale farmers, technological changes in marketing practices and as a long-term solution for improving farmer's price realization.

Reasons of slow Progress of Cooperative Marketing

The main reasons of the slow process are:

- (i) Co-operative marketing societies are generally located in big markets/towns and quick and cheap transport facilities are not available for the carriage of the produce from the villages to the societies;

- (ii) Farmers are indebted to local traders and enter into advance contracts with them for the sale of the crop;
- (iii) 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;
- (iv) There is lack of loyalty among members to co-operative marketing societies because of their poor education and absence of the co-operative feeling;
- (v) In some cases rivalries among farmer-members result in indecision, which hampers the progress of the societies;
- (vi) Members lack confidence in co-operative organizations, for most of the co-operative sector enterprises run at a loss;
- (vii) The societies do not act as banks for the farmers;
- (viii) Managers of societies do not offer business advice to members;
- (ix) Societies do not provide facilities of food and shelter to farmers when they visit the market for the sale of the produce;
- (x) 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;
- (xi) There is lack of sufficient funds with the societies to meet the credit needs of the farmers against pledging of the produce brought for sale. Nor do they make an advance payment of the value of the produce purchased or sold through them;
- (xii) Co-operative marketing societies are not capable of carrying on their business in competition with traders and commission agents, because of the absence of adequate business expertise among their employees; and
- (xiii) There is a lack of sufficient storage facilities with the societies. They, therefore, try to dispose of the produce soon after their arrival; a fact which results in lower prices for the farmers.

Suggestions for Strengthening of Cooperative Marketing Societies

- (i) 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.
- (ii) Co-operative marketing societies should develop sufficient storage facilities in the mandi as well as in the villages.
- (iii) The societies should give adequate representation to the small and marginal farmers in their organizational set-up.

- (iv) The co-operative feeling among members should be inculcated by proper education by organizing seminars and by the distribution of literature.
- (v) In the selection of the officials of co-operative marketing societies, weightage should be given to business experience and qualifications. After their selection, the officials should be given proper training so that they may deal efficiently with the business of the society. The efficiency should be rewarded, wherever possible.
- (vi) There is a need for bringing about a proper co-ordination between credit and marketing co-operative societies to facilitate the recovery of loans advanced by credit societies, and make available sufficient finance for marketing societies.
- (vii) The societies should-acquire the transport facility to bring the produce of the members from the villages to the mandi in time and at a lower cost.
- (viii) Co-operative marketing societies should diversify their activities. They should sell the produce and inputs, and engage in the construction of storage facilities.
- (ix) Marketing societies, like the private traders, should provide accommodation and the drinking water facility for their members when the latter come to the mandi.
- (x) The public procurement and public distribution programmes should be implemented through co-operative marketing societies to increase their business; and
- (xi) The cooperatives should be made free from government control.

NAFED

The National Agricultural Co-operative Marketing Federatiopn of India (NAFED) is an apex organization of marketing cooperatives in the country. It deals in procurement, processing, distribution, export and import of selected agricultural commodities. The NAFED is also the central nodal agency for undertaking price support operations for pulses and oilseeds and market intervention operations for other agricultural commodities.

The National Agricultural Co-operative Marketing Federation (NAFED) was established in October, 1958. The State Level Marketing Federations and the National Co-operative Development Corporation are its members. The head office of NAFED is at Delhi, and its branch offices are located at Mumbai, Kolkata and Chennai. NAFED's area of operation extends to the whole country. It has established branches in all the major port towns and capital cities in the country.

Objectives

The main objectives of NAFED are:

- (a) To co-ordinate and promote the marketing and trading activities of its affiliated co-operative institutions;
- (b) To make arrangements for the supply of the agricultural inputs required by member institutions;
- (c) To promote inter-state and international trade in agricultural and other commodities; and
- (d) To act as an agent of the government for the purchase, sale, storage and distribution of agricultural products and inputs.

Activities

The NAFED performs the following activities:

(a) Internal Trade

NAFED is engaged in interstate trade in agricultural commodities, particularly foodgrains, pulses, oilseeds, cotton, jute, species, fruits, vegetables and eggs with a view to assuring better prices to the producers. The objectives of internal trade operations are both the market support to farmers and maintaining steady supply of commodities to consumers of reasonable prices. NAFED purchases agricultural commodities through the co-operatives, public sector organizations and state agencies. Turn over of NAFED over five years period from 2004-05 is presented in Fig. 5.1

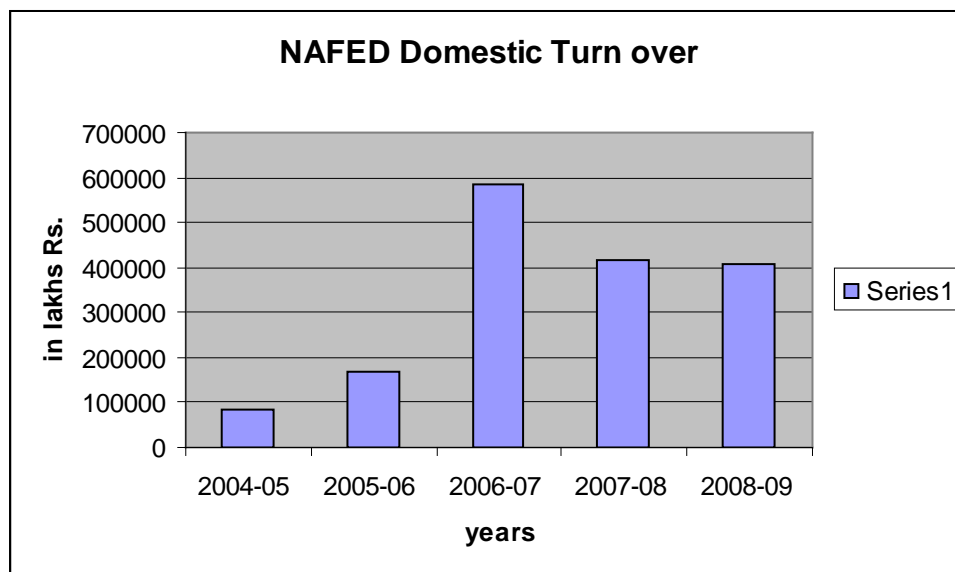


Fig. 5.1 Domestic Turn over of NAFED over years

(b) Foreign Trade – Export and Import of Agricultural Commodities

Exports – Exports of agricultural commodities through the co-operative marketing system developed on a large scale after the establishment of NAFED. The NAFED exports agricultural commodities, particularly onions (canalized), potatoes, ginger, garlic, nigerseed, sesame seed, gum, deoiled cake of groundnut, soyabean and cottonseed, fresh and processed fruits and vegetables; spices – black pepper, cardamom, turmeric, cuminseed, coriander seed; cereals – rice, barley, bajra, jowar, and ragi and jute bags to various countries including Sri Lanka, England, Mauritius, Australia, Belgium, Canada, Fiji, Hong Kong, Japan, Malaysia, the USA and number of African, West Asian and Gulf countries.

The market intervention undertaken by NAFED has many times helped the growers of such crops as onion, potato, copra, chillies and other's in realizing reasonable prices even in those years when market prices crashed. Export turn over of NAFED in lakhs of Rs. over five years from 2004-05 is presented in Fig. 5.2.

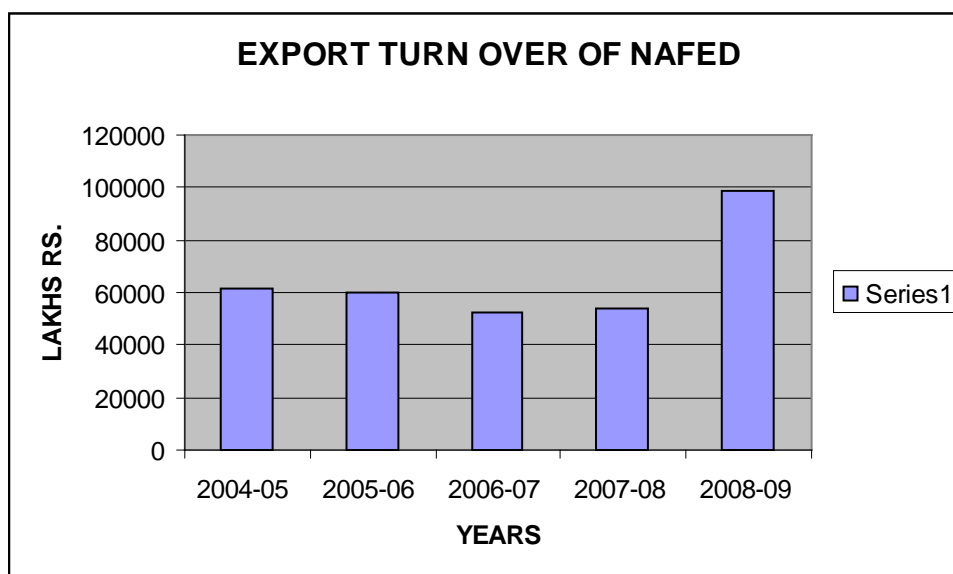


Fig. 5.2 Export Turn Over Of NAFED Over years

Imports – The NAFED also arranges for the imports of pulses, fresh fruits, dry fruits, nutmeg (Jaiphal), mace (Javitri), wetdates and chicory seeds and inputs particularly fertilizers and machinery as and when asked to do so by the Government.

(c) Price Support Operations

NAFED is being appointed as the agency of the government to undertake support price purchases of commodities like groundnut since 1976-77, soyabean and mustard seed since 1977-78, gram, tur, moong and urad since 1978-79 and bajra, jowar, maize, barley, toria and sunflower seed since 1985-86. Government of India has

designated NAFED as the nodal agency for implementing the price support policy for oilseeds and coarse grains during Seventh Five Year Plan period (1985-90). NAFED has standing instructions to intervene in the market when ruling market price falls below the minimum support levels for oilseeds and pulse crops. Since 1991, NAFED has been designated as nodal agency for undertaking price support operations for oilseeds and pulses on a regular basis. Price support purchases of pulses and oilseeds are shown in table 5.2.

Table 5.2 Procurement of Oilseeds by NAFED under Price Support Scheme

Particulars	Year	Quantity Procured (Tonnes)
1. Groundnut Pods	1992-93	88
	1993-94	61
	2000-01	28858
	2001-02	163918
2. Mustard Seed	1984-85	76614
	1985-86	13445
	1988-89	69
	1992-93	2746
	1993-94	66
	2000-01	247956
	2001-02	329524
	2002-03	467629
3. Soyabean	1984-85	3709
	1985-86	62726
	1998-99	4480
	1999-00	494938
	2000-01	54754
4. Safflower Seed	1989-90	25
	1992-93	790
	1998-94	14925
	2000-01	6534

	2001-02	3201
	2002-03	2020
5. Sunflower Seed	1992-93	4430
	1993-94	15286
	1994-95	45
	1995-96	1196
	1997-98	80
	1999-00	47950
	2000-01	47950
	2000-01	19502
	2001-02	25
	2002-03	17
6. Copra	1989-90	2736
	1990-91	25099
	1994-95	61749
	1995-96	5619
	1996-97	485
	1998-99	1168
	1999-00	2955
	2000-01	235491
	2001-02	50300
	2002-03	5854

Source: Agricultural Statistics at a Glance, 2002 and 2003, Directorate of Economics and

Statistics, Ministry of Agriculture, Government of India, New Delhi.

Business in Oilseeds

Purchases

NAFED procured around 35044 MTs of various oilseeds and oils including Assorted Oils, Copra, Mustard Oil, Mustard Seed, Sunflower Seed and Sunflower Oil valued at Rs. 86.29 crores in outright account, as per details given below:

Purchase of Oil and Oilseeds by NAFED

[qty. in mts/value in rs.lakhs

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S.NO	Commodity	Quantity(in MTs)	Value (Rs.in lakhs)
1	Assorted Oils	0.43	74.06
2	Copra	710.27	301.83
3	Mustard Oil	60.74	5.41
4	Mustard Seed	34131.66	8184.89
5	Sunflower Seed	79.46	21.97
6	Sunflower Oil	61.10	41.15
	Total	35043.66	8629.31

Sales

A total quantity of around 56293 MTs of various oilseeds valued at Rs. 155.10 crores was sold in outright account during the year 2008-2009.

The details are given as below:

Sales of Oil and Oilseeds by NAFED

S.NO	Commodity	Quantity(in MTs)	Value(Rs.in lakhs)
1	Assorted Oils	0.27	80.53
2	Copra	381.29	154.24
3	G.N.Pods	5984.27	1508.21
4	Mustard Oil	133.12	11.98
5	Mustard Seed	45940.40	12806.52
6	Soyabean	3710.94	840.44
7	Sunflower Oil	142.68	107.99
	Total	56292.97	15509.91

Business in Pulses

Purchases

During the year 2008-09 NAFED purchased around 24423 MTs pulses viz. Gram, Masoor, Arhar, Moong, Urad,Rajmah,Moth and Peas,Assorted Pluses valued at Rs. 60.56 crores in its outright account.

The details are given below:

Purchase of Pulses by NAFED

[qty. in mts/value in rs.lakhs]

S.NO	Commodity	Quantity(in MTs)	Value (Rs.in lakhs)
1	Gram	20162.61	4723.15
2	Masoor	701.58	223.25
3	Arhar	458.20	124.44
4	Moong	1093.06	321.23
5	Urad	24.96	8.33
6	Rajmah	11.08	4.29
7	Peas	475.37	99.45
8	Assorted Pulses	496.03	551.52
	Total	4422.89	6055.66

Sales

During the year 2008-09 a total quantity of around 45085 MTS of various pulses, such as, Gram, Masoor, Moong, Peas, Moong, Rajmah, Arhar, and Urad valued at Rs. 107.62 crores was sold in outright account as per details given below.

Sale of Pulses by NAFED

S.NO	Commodity	Quantity (in MTs)	Value (Rs.in lakhs)
1	Gram	28342.62	6423.11
2	Masoor	764.11	272.03
3	Moong	5722.47	1394.08
4	Peas	476.84	105.83
5	Rajmah	282.97	88.40
6	Moth	63.37	12.74
7	Arhar	4280.64	1118.17
8	Urad	3695.86	793.04
9	Assorted Pulses	1456.58	555.01
	Total	45085.46	10762.41

Business in Horticulture Products

Purchases

During the year 2007-08. NAFED purchased 11764 MTs of various horticultural commodities including Onion, Potato, Apple and fresh fruits & vegetables valued at Rs. 13.55 crores in outright account. The details of various horticultural commodities purchased are given below:

Purchase of Horticulture Commodities by NAFED

[qty. in mts/value in rs.lakhs]

S.NO	Commodity	Quantity (in MTs)	Value (Rs.in lakhs)
OUTRIGHT			
1	Onion	7407	773.40
2	Potato	2708	136.44
3	Apples	734	250.00
4	Ginger	80	17.70
5	Garlic	30	14.42
6	Fresh Fruits & Vegetables	805	162.96
	Total	11764	1354.92

Sales

A total quantity of 5686 MTs of various horticulture items including Onion, Potato and assorted fresh fruits & vegetables of the value of Rs. 6.06 crores was sold in outright account during the year as per details given below:

Sale of Horticultural Commodities by NAFED

[qty. in mts/value in rs.lakhs]

S.NO	Commodity	Quantity (in MTs)	Value (Rs.in lakhs)
OUTRIGHT			
1	Onion	1105	86.03
2	Potato	3391	235.40
3	Apples	289	83.00
4	Ginger	75	17.68
5	Garlic	30	15.26
6	Fresh Fruits & Veg.	796	168.22
	Total	5686	605.59

Food Grains Business

Purchases

During the year 2007-08. NAFED purchased 948572 MTs foodgrains, such as, Bajra, Guar, Jowar, Maize, Paddy, Rice and Wheat Barely valued at Rs.885.85 crores in its outright account besides procuring 24930 MTs Rice valued at Rs. 33.38 crores on Tie-up basis.The details are given as under:

Purchase of Food Grains by NAFED

S.NO	Commodity	Quantity (in MTs)	Value (Rs.in lakhs)
OUTRIGHT			
1	Bajra	1000	60.58
2	Guar	2592	419.70
3	Jowar	7105	465.09
4	Maize	32160	2117.20
5	Paddy	116025	9325.82
6	Rice	485519	43997.85
7	Wheat	300614	31902.49
8	Barley	3557	295.91
	Sub Total	948572	88584.64
TIE-UP			
1	Rice	24930	3337.88
	Total	973502	91922.52

Sales

During the year 2007-08, NAFED sold 849203 MTs foodgrains, such as Bajra, Guar, Jowar, Maize, Paddy, Rice and Wheat valued at Rs.954.96 crores in outright account.

Sale of Food Grains by NAFED

S.NO	Commodity	Quantity(in MTs)	Value(Rs.in lakhs)
OUTRIGHT			
1	Bajra	117	7.50
2	Guar	2283	379.69
3	Jowar	2515	179.46
4	Maize	45771	3355.48

5	Paddy	66921	8546.43
6	Rice	447057	50729.50
7	Wheat	280953	215.00
8	Barley	3586	333.18
Sub Total		849203	95495.52

Business in Spices

Purchases

During the year 2008-09, NAFED procured around 4511 MTs of various spices viz. Turmeric, Black Pepper, Red Chillies, Methiseed, Dry Ginger, Cloves, Cardamom (small) etc. valued at Rs.58.22 crores in its outright account. The details are given below:

Purchase of Spices by NAFED

[qty. in mts/value in rs.lakhs]

S.NO	Commodity	Quantity (in MTs)	Value(Rs.in lakhs)
1	Turmeric	189.90	73.79
2	Black Pepper	4023.10	5570.70
3	Cardamom Small	0.50	2.68
4	Assorted Spices	0.09	50.55
5	Cloves	0.15	0.55
6	Dry Ginger	72.06	61.91
7	Methi Seed	225.60	61.56
	Total	4511.40	5821.74

Sales

A total quantity of around 5048 MTs of various spices, such as, Turmeric, Black Pepper, Red chillies, Methiseed, dry ginger, and Cardamom (small) valued Rs.55.84 crores was sold in outright account during the year as per details given below:

Sale of Spices by NAFED

[qty. in mts/value in rs.lakhs]

S.NO	Commodity	Quantity(in MTs)	Value(Rs.in lakhs)
1	Tumeric	203.80	89.23
2	Red chillies	533.08	231.35

3	Black Pepper	4006.65	5058.04
4	Cardamom Small	0.35	1.71
5	Assorted Spices	0.09	55.15
6	Dry Ginger	77.02	75.64
7	Cloves -	0.01	Neg
8	Methi Seed	227.39	72.29
Total		5048.38	5583.78

Miscellaneous Business

Purchases

NAFED procured around 28852 MTs of various miscellaneous agricultural commodities valued at Rs. 105.34 crores in outright account as per details given below:

Purchase of Miscellaneous commodities by NAFED

[qty. in mts/value in rs.lakhs]

S.NO	Commodity	Quantity(in MTs)	Value (Rs.in lakhs)
1	Rubber	959.00	690.28
2	Tea	173.42	159.44
3	Misc. Items	9818.20	671.18
4	Atta	-	45.46
5	Sugar	309.41	52.54
6	Palm Oil	16507.58	8853.48
7	Salt	293.00	13.32
8	Barrel	791.60	48.73
Total		28852.21	10534.43

Sales

A quantity of 28498 MTs of various miscellaneous agricultural commodities valuing Rs.60.26 crores was sold during the year 2008-09 in outright account as per details given below.

Sale of Miscellaneous Commodities by NAFED

[qty. in mts/value in rs.lakhs]

S.NO	Commodity	Quantity(in MTs)	Value (Rs.in lakhs)
1	Rubber	824.00	787.13

2	Salt	293.00	13.45
3	Tea	180.63	186.46
4	Misc. Items	9769.88	805.41
5	Atta	-	47.72
6	Sugar	183.68	44.26
7	Palm Oil	16368.33	4053.64
8	Psyllium	86.82	37.98
9	Barrel	791.60	49.94
	Total	28497.94	6025.99

(d) Production and Marketing of Agricultural Inputs

NAFED helps the farmers by supplying them agricultural machinery like harvesting combines, tractors, spare parts and such other inputs as bio-fertilizers. NAFED also imports some of the machines and spare parts from abroad to ensure timely availability of genuine spare parts at reasonable prices. The technical know-how to operate and maintain the machines is also provided to the farmers. The NAFED through its service centres also sells farm tools, agricultural implements and spare parts produced by Krishi Yantra Udyog, Bhiwadi in Rajasthan.

Bio-fertilizers are gaining importance for increasing yields of pulses and oilseeds crops. The NAFED has set up a unit for production of rhizobium culture at Indore (Madhya Pradesh) in 1985 with a capacity to produce biofertilizers for 12 lakhs hectares a year. NAFED maintains contact with the input supplying institutions such as the National Seeds Corporation and the Fertilizer Corporation of India.

(e) Promotional Activities

NAFED maintains expert staff which conducts market studies, collects data and circulates the results among the members. Other promotional activities of NAFED are intensive development of selected marketing societies as pilot centres for co-operative marketing of agricultural produce in each state; improvement in market intelligence services for co-operative marketing societies; conduct of market surveys; training of market personnel; promotion of market regulations and development of infrastructures.

(f) Developing Co-operative Marketing of Tribal Produce

A separate cell to develop the marketing of produce of the tribal areas (minor forest products) having economic value has been set up with the assistance of NAFED.

NAFED arranges market intelligence, establishes better system for auction of tribal produce and develops markets for other commodities like chilgoza, gum, karya etc. Keeping in view the importance of marketing of tribal produce, a separate Tribal Co-operative Marketing Development Federation (TRIFED) has been set up.

(g) Setting of Scientific Storage System

NAFED has set up a cold storage along with an ice factory and a warehouse in Delhi. NAFED has also made pioneering effort in finding ways of developing modern storages. It has set up an onion warehousing complex at Nagapattanam.

(h) Processing of Fruits, Vegetables and Others

NAFED has set up a multi-commodity fruit and vegetables processing unit at Delhi and at Vellore (Tamil Nadu). The basic purpose is to develop the processing industry in co-operative sector in a major way so as to make fruits and vegetable marketing and processing to the advantage of the farmers. NAFED also manufactures jute goods in joint venture with Konark Jute Limited – promoted by Industrial Development Corporation of Orissa.

Business Highlights of NAFED

NAFED achieved a turnover of Rs. 4706.65 crores as against the turnover of Rs. 6381.38 crores achieved during the last year, a decline of approx.26.24% mainly due to reduced PSS operations And negligible activities in Tie-up business. It incurred a net loss of Rs.56.69 crores due to huge interest liability on account of outstanding loans due to Tie-Up business defaulters. The share capital with NAFED was Rs. 1097.33 lakhs upto 31.3.2008. Membership of the Federation increased from 824 to 832 upto 31.3.2008. As a Central Nodal Agency of the Government of India, NAFED procured various commodities such as, Copra, Mustard seed, Sesamum and Safflower seed of the value of Rs. 124.35 crores under Price Support Scheme during 2007-08. NAFED continued to be the nodal agency of the Govt. of India for implementation of Market Intervention Scheme for commodities not covered under Public Support Syatem. NAFED continued to be one of the canalizing and monitoring agencies for export of Onion. NAFED Continued to enjoy the status of "Three Star Export House" as per certificate of recognition issued by the Ministry of Commerce, Government of India. NAFED was allowed to import Pulses by Government of India under zero percent duty with reimbursement of losses to the extent of 15%. Under the scheme, NAFED imported a quantity of 234272 MTs valuing RS.412.17 crores of different Pulses namely Urad, Moong, Toor, Yellow peas etc. NAFED imported 92500 MTs Crude palm Oil and 9500

MTs Soya Degum Oil in its commercial account to improve availability of edible oil in the country to stabilize domestic prices. NAFED was appointed as one of the agencies for procurement of Paddy directly from the farmers under the de-centralized Scheme of State Gov. NAFED procured 796817 MTs of Paddy valuing Rs.573.55 crores during 2007-08. A quantity of 2,00,077 MTs of Wheat valuing Rs.170.37 crores was purchased by NAFED on behalf of FCI. The exports of NAFED during the year were of the order of Rs.542.30 crores which include exports of different agricultural commodities in its outright account besides Onions through its Associate Shippers. The agricultural commodities exported were Onion (Rs.504.20 crores), Potato (Rs.0.05 crores), Rice (Rs. 2.90 crores), Turmeric (Rs. 0.18 crores), Red Chillies (Rs. 1.57 crores) mustard seed & mustard oil (Rs.0.75 crores), Maize (Rs2.00 crores), and Wheat(Rs.2.33 crores). Rice valuing Rs.27.94 crores was also exported in Tie-up account. In its commercial operations, NAFED achieved a turnover of Rs.4164.35 crores in domestic trading of various agricultural commodities, which also include PSS/Tie-up business. NAFED distributed chemical Fertilizers valuing over Rs. 88.58 crores in the states of Bihar, UP, Maharashtra, Chhattisgarh, MP, Jharkhand, North Eastern and Southern States. It also distributed Seeds of various crops valuing over Rs. 35.13 crores to State Seed Corporations and State Agricultural Departments as also farmers through network of marketing societies. Special thrust was given to promote marketing of consumer items all over India. NAFED marketed consumer products like edible oils, processed foods, spices, tea, rice, pulses etc. valued around Rs. 36.15 crores in the directly to the brand name of NAFED and marketed products of other reputed companies. To assist poultry farmers and consumers, NAFED procured and marketed eggs valued at Rs. 1.72 crores. As the Corporate Agent of IFFCO-TOKIO General insurance (ITGI), NAFED continued in the field of non-life insurance and undertook a business of Rs. 6.64 crores. NAFED handled jute products valued at Rs.120.26 crores on agency/consignment basis in domestic trade. NAFED completed construction works of Warehouse of 10,000 MT capacity each at Dewas, (MP) & Sriganganagar (Rajasthan). Renovation & repair works of warehouse at Vashi, Navi Mumbai was also started. Total warehousing capacity of NAFED is approx. 51900 MTs, in addition to 4400 MTs capacity for storage of Onion. NAFED is also constructing two Multi-Commodities pack houses of 500 MT capacities each with ancillary units for sorting & grading (through 11 Collection Centers) pre-cooling etc. At Umranala and Sausar in Chindwara (Madhya Pradesh). NAFED is one of promoter members of National Multi Commodity Exchange and participated in the

trading activities at NMCE, MCX and NCDEX. The futures trading activities are being undertaken in almost all agricultural commodities viz. Rubber, Pepper, Turmeric, Chilli, Soya bean, Mustard Seed, Mentha, Potato, Jeera etc. Achieved turnover of Rs.319 crores in Futures Trading business. NAFED inducted fresh M.B.A. Graduates as Management Trainees selected from Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM), Pune, AMITY, Noida and RICM, Bangalore to professionalize the managerial cadre.

Other National Cooperative Organizations

National Cooperative Development Corporation (NCDC)

The National Cooperative Development Corporation (NCDC) was set up in March, 1963 under an Act of Parliament for promoting, guiding and supporting rural economic activities on cooperative principles. The corporation focuses on programmes of promoting, strengthening and developing farmers' cooperatives for marketing, processing and storage of agricultural products as also for supply of agricultural inputs and essential consumer goods in rural areas. It tries to equip cooperatives with facilities for promoting income-generating activities including poultry, fishery, handlooms and minor forest products. The corporation supplements the efforts of the state governments in promoting cooperatives.

The NCDC provides financial assistance to cooperative societies through or on the guarantee of the state governments. NCDC provides financial assistance to large number of cooperatives and their activities. This includes:

- (a) State level cooperative marketing/commodity marketing federations for margin money to raise working capital from banks or increasing marketing and distribution activities.
- (b) Agro-based processing units including large size oil complexes and small and medium size units for foodgrains, plantation, commercial and horticulture crops;
- (c) Viable or potentially viable primary agricultural cooperative societies, large size agricultural multipurpose cooperative societies (LAMPS), farmers service societies (FSS), commodity cooperatives and processing cooperatives for construction of godowns;
- (d) Cooperatives for the establishment of new cold stores and expansion of the existing units as well as for setting up of ice plants;
- (e) State governments to supplement their resources for share capital participation in the new cooperatives related to processing, repair and custom hiring services;

- (f) Cooperatives dealing in fruits and vegetables for development of marketing, establishment of processing units, purchase of transport vehicles, construction of storage sheds and retailing;
- (g) Fishery cooperatives for development of inland and marine fisheries;
- (h) Cooperatives for dairy development in areas which are outside the operation flood programmes of NDDB;
- (i) Integrated poultry projects including poultry sheds, feed mix units and hatcheries; and
- (j) Scheduled caste cooperatives for supply of notified commodities, strengthening of share capital base of tribal development cooperative federations, cooperative-marketing societies in hilly areas, rural consumer cooperatives and student cooperative stores.

NCDC has not only provided financial support to the cooperatives but also provided technical guidance to them. The promotional and developmental role of NCDC has led to continuous expansion and diversification of cooperative programmes under its purview.

Tribal Cooperative Marketing Federation (TRIFED)

The Tribal Cooperative Marketing Federation (TRIFED) was established in 1987 to develop the system of marketing of forest products produced by the tribals in the country. TRIFED arranges marketing and export of minor forest products produced by the tribals in the tribal dominated areas and protects the tribes from exploitation by the private traders because of poor demand and production in small lots.

Co-operative Marketing and Processing of Milk and Oilseeds

Milk

With a view to providing marketing support to the milk producers, a sound network of dairy cooperatives has taken shape in the country which has been instrumental in what is called the 'White Revolution' in the country. The network consists of milk producers cooperative societies at the Village level, District Milk Co-operative Unions at the district level, State Co-operative Dairy Federations at the state level and National Dairy Development Board (NDDB) at the national level. Apart from providing market support to the producers in rural areas, this network has been instrumental in supplying liquid milk and dairy products to the urban consumers at reasonable prices.

NDDB

The National Dairy Development Board was created to promote, finance and support producer-owned and controlled organisations. NDDB's programmes and activities seek to strengthen farmer cooperatives and support national policies that are favourable to the growth of such institutions. Fundamental to NDDB's efforts are cooperative principles and cooperative strategies.

Philosophy of NDDB

- Cooperation is the preferred form of enterprise, giving people control over the resources they create through democratic self-governance.
- Self-reliance is attained when people work together, have a financial stake, and both enjoy the autonomy and accept the accountability for building and managing their own institutions.
- Progressive evolution of the society is possible only when development is directed by those whom it seeks to benefit. In particular, women and the less privileged must be involved in cooperative management and decision-making.
- Technological innovation and the constant search for better ways to achieve our objectives is the best way to retain our leading position in a dynamic market.
- While our methods change to reflect changing conditions, our purpose and values must remain constant.

The National Dairy Development Board (NDDB) was founded in 1965 to replace exploitation with empowerment, tradition with modernity, stagnation with growth, transforming dairying into an instrument for the development of India's rural people.

NDDB began its operations with the mission of making dairying a vehicle to a better future for millions of grassroots milk producers. The mission achieved thrust and direction with the launching of "Operation Flood", a programme extending over 26 years and which used World Bank loan to finance India's emergence as the world's largest milk producing nation. Operation Flood's third phase was completed in 1996 and has to its credit a number of significant achievements. As on March 2009, India's 1,33,349 village dairy cooperatives federated into 177 milk unions and 15 federations procured on an average 25.1 million litres of milk every day. 13.9 million farmers are presently members of village dairy cooperatives.

Since its inception, the Dairy Board has planned and spearheaded India's dairy programmes by placing dairy development in the hands of milk producers and the professionals they employ to manage their cooperatives. In addition, NDDB also

promotes other commodity-based cooperatives, allied industries and veterinary biologicals on an intensive and nation-wide basis.

Constitution

The National Dairy Development Board has been constituted as a body corporate and declared an institution of national importance by an Act of India's Parliament. The National Dairy Development Board -- initially registered as a society under the Societies Act 1860 -- was merged with the erstwhile Indian Dairy Corporation, a company formed and registered under the Companies Act 1956, by an Act of India's Parliament - the NDDB Act 1987 (37 of 1987), with effect from 12 October, 1987. The new body corporate was declared an institution of national importance by the Act. The general superintendence, direction, control and management of NDDB's affairs and business vests with the Board of Directors.

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The Operation Flood (OF) programme initiated by NDDB in 1970 was a planned attempt to revive India's Dairy Industry from a premature stagnation. The OF programme not only propelled the growth of dairy development in India, it also helped India become the world's largest milk producer.

OF enhanced the incomes and quality of life for millions of India's dairy farmers, most of them poor and many of them women. It has become India's largest Dairy Development Programme.

OF (1970-1996) created a strong foundation to transform India's dairy sector into a vibrant business activity. It paved the way to take up new initiatives and create new conditions to firm up India's world leadership in milk production. The new challenge for the Dairy Industry was to explore ways to emerge stronger using the network created under OF. The response is Perspective 2010, a plan that attempts to take the dairy cooperative movement to its highest potential.

Perspective 2010 focuses on four key areas. These include Strengthening Cooperative Business, Production Enhancement, Assuring Quality and creating a National Information Network. The State Milk Marketing Federations and the Milk Producers' Cooperative Unions, the architects and key beneficiaries have identified the thrust areas. The plan is designed keeping at helm the benefit to farmers at large. NDDB facilitated the planning process and will provide technical support and need-based finance for implementing Perspective 2010.

Perspective 2010 Goals

Increase liquid milk procurement by cooperatives to 33 per cent (488 lakh kilograms per day) of the marketable surplus in Operation Flood areas, constituting 80 per cent of the national milk produced (i.e. Quadruple liquid milk procurement by year 2010). Increase liquid milk sales to 365 lakh kilograms per day, more than 60 per cent of the market shares in metros, and on average of close to 50 per cent in the Class I cities served by cooperatives (i.e. Treble fluid milk marketing by year 2010)

Strategy

A systemic and planned strategy for the identified thrust areas has been formulated to meet the above goals

Strengthening Cooperative Business

Action Plan

- Institution Building Development
- Orientation/induction programmes for farmers
- Training of Management Committee Members and Society Secretaries in preparing business plans and its implementation
- Reorientation of union staff to new roles identified to meet Perspective 2010 goals
- Strong Financial Base
- Increase in dairy cooperative owned funds
- Increase in cooperative contribution to union share capital
- Expanding Marketing



- Assistance in planning, implementation and monitoring of business plans of milk unions geared to meet the targets envisioned in Perspective 2010
- Offering financial and technical help to milk unions and federations in areas such as sales promotion, consumer education, distribution infrastructure development etc.

- Standardisation of artwork, colour, logo and retail outlet design across regional cooperative brands with a view to promoting better recall by consumers under a common mnemonic umbrella
- Introduction and improvement of marketing systems and processes necessary to perform better in a competitive marketplace
- Training and development of management and staff of milk unions and federations

Legislative Framework

Supporting efforts aimed at enactment of progressive legislative framework for the cooperatives at the State and the Centre

Encouraging and assisting dairy cooperatives in incorporation under progressive and enabling laws

Women's Participation

Increasing women membership in dairy cooperatives to 50 per cent recognising the potential of this segment as decision makers having practical knowledge about animal husbandry practices

Undertaking measures for significantly improving women's participation in the governance of dairy cooperatives at all levels

Promoting organisation of women's thrift and credit groups/cooperatives

Production Enhancement

Action Plan

Breeding

- Increase productivity of cows and buffaloes
- Increase percentage of animals in milk
- Expand AI coverage



- Increase inseminations
- Reduce AI per conception
- Take up genetic improvement programmes in selected milksheds to supply semen of evaluated bulls to all milksheds
- Animal Health and Veterinary Services
- Create first-aid facilities in DCSs
- Increase vaccination for HS and BQ
- Increase de-worming of animals
- Promote mastitis control
- Undertake Brucellosis control activities in affected areas
- Promote use of GIS in AI and veterinary health services
- Create Disease Free Zones by
 - Undertaking mass vaccinations
 - Ear-tagging and passbooks
 - Animal movement management
 - Effective outbreak management
 - Sero-monitoring
- Disease control in Animals
 - Enactment of national legislation for Prevention of Infectious and Contagious Diseases in Animals



- Animal Nutrition
- Raise installed cattle feed plant capacity

- Raise cattle feed plant utilisation capacity
- Increase and strengthen quality control laboratories
- Increase number of mineral mixture plant
- Increase production and utilisation quality fodder seeds
- Husbandry Extension
- Enable dairy cooperatives to operate as full-service extension centres for their members by providing
 - Introduction and support of technology
 - Link actively with union's technical experts

Strategy

Identify and address quality related problems at every stage from the producer at the village cooperative, to the dairy plant and the process of final delivery to the consumer

Facilitate improvement of hygiene, sanitation, food safety and operating efficiency in the dairy plants and sensitise dairy personnel to product quality aspects as per international standards

Assuring Quality

Action Plan

- Phytosanitary, bacteriological and organoleptic quality at all stages
- Development of a comprehensive database on raw milk quality at every stage from producer to consumer
- Identification of key intervention technologies for each stage
- Orientation of Union technical inputs and other support services to emphasise compliance to national and international quality standards
- Encouragement of quality incentives supported by educational programmes for Dairy Cooperative Society staff, transporters and farmer producers
- Establishment of village-level chilling as first stage in cold chain reaching to the plant and on to the consumer
- Facilitating dairy cooperatives in ISO-9000-2000 (Quality Management Systems), ISO HACCP (Safety Management Systems) certification and maintain the required plant conditions under the accreditation on a sustainable basis



Information and Policy Research

Strategy

- Link large cooperatives, Unions, Federations and NDDB in a national network that collects, adds value and disseminates information
- Ensure availability of analytical information for Policy Planning and Decision Support
- Action Plan
- Integrated Dairy Industry Information Service
- Facilitate decision-making at various levels in cooperative institutions with the help of an extensive on-line computer network that analyses relevant data obtained from :
 - Village Dairy Cooperative Societies

- District Milk Producers' Unions
- State Milk Marketing Federations
- NDDB
- Research Institutions and others



- National Database
- Generate data on following :
 - Milk supply (producer, animal and village data)
 - Milk and milk product demand (consumer and urban data)
 - Performance data (societies, unions and federations)
 - Secondary data (domestic and international)
- Geographical Information System
- Monitor following field activities :
 - Milk procurement
 - Veterinary health care
 - Artificial Insemination
 - Society information
- Policy Research
- Take up problem specific and area specific need-based special studies for policy support

- Conduct regular field studies concerning business interest

Dairy Cooperatives account for the major share of processed liquid milk marketed in the country. Milk is processed and marketed by 170 Milk Producers' Cooperative Unions, which federate into 15 State Cooperative Milk Marketing Federations.

The Dairy Board's programmes and activities seek to strengthen the functioning of Dairy Cooperatives, as producer-owned and controlled organisations. NDDDB supports the development of dairy cooperatives by providing them financial assistance and technical expertise, ensuring a better future for India's farmers. Over the years, brands created by cooperatives have become synonymous with quality and value. Brands like Amul (GCMMF), Vijaya (AP), Verka (Punjab), Saras (Rajasthan), Nandini (Karnataka), Milma (Kerala) and Gokul (Kolhapur) are among those that have earned customer confidence.

Some of the major Dairy Cooperative Federations include:

Andhra Pradesh Dairy Development Cooperative Federation Ltd (APDDCF)

Bihar State Cooperative Milk Producers' Federation Ltd (COMPFED)

Gujarat Cooperative Milk Marketing Federation Ltd (GCMMF)

Haryana Dairy Development Cooperative Federation Ltd. (HDDCF)

Himachal Pradesh State Cooperative Milk Producers' Federation Ltd (HPSCMPF)

Karnataka Cooperative Milk Producers' Federation Ltd (KMF)

Kerala State Cooperative Milk Marketing Federation Ltd (KCMMF)

Madhya Pradesh State Cooperative Dairy Federation Ltd (MPCDF)

Maharashtra Rajya Sahakari Maryadit Dugdh Mahasangh (Mahasangh)

Orissa State Cooperative Milk Producers' Federation Ltd (OMFED)

Pradeshik Cooperative Dairy Federation Ltd (UP) (PCDF)

Punjab State Cooperative Milk Producers' Federation Ltd (MILKFED)

Rajasthan Cooperative Dairy Federation Ltd (RCDF)

Tamilnadu Cooperative Milk Producers' Federation Ltd (TCMPF)

West Bengal Cooperative Milk Producers' Federation Ltd. (WBCMPF)

Oilseeds

Recognising the success of the 'Amul Pattern' of dairy co-operatives network, the concept has been extended to the oilseeds sector. Oilseeds growers co-operative societies at the village level and State Co-operative Oilseeds Growers Federations have been organized in many States. The nomenclature differs from state to state.

In Rajasthan, the State level Co-operative Oilseeds Growers Federation, known as Tilam Sangh was set up in July, 1990. The main objectives of the Federation/Sangh are:

- (i) To organize the oilseeds growers at grass root level;
- (ii) To augment the production and productivity of oilseeds by providing package of practices;
- (iii) To procure the oilseeds of farmers at their doorstep at premium price;
- (iv) To eliminate the intermediaries and to retrieve the oilseed growers from their clutches;
- (v) To establish oilseed processing units; and
- (vi) To undertake seed multiplication programme to provide quality seeds to the member producers.

Tilam Sangh has established eight plants for processing of mustard in different mustard growing areas with a total processing capacity of 1.41 lakh tones of mustard. These plants are located at Kota, Fatehnagar (Udaipur); Bikaner, Jalore, Mertacity (Nagaur); Jhunjunu, Sriganganagar and Gangapurcity (Sawai Madhopur). At present, 967 oilseeds growers co-operative societies are working in different mustard project areas under Tilam Sangh with a total membership of over one lakh members. In addition to mustard plants, Tilam Sangh has also established soyabean and groundnut processing plants. The Tilam Sangh purchases oilseeds from the farmers through the co-operative societies at fair prices and makes available edible oils to the consumers at reasonable prices. With a view to making available improved seeds of oilseed crops, a farm of 40 hectares has also been transferred by the State Government to the Tilam Sangh.

The popularity of edible oils produced by the Tilam Sangh has been increasing continuously among the consumers. Presently, Tilam Sangh is supplying 'Tilam brand' edible oils in 1, 2, 5 and 15 litres/kgs packing to the consumers.

State Level Cooperative Marketing Organizations

(i) RAJFED : RAJFED in Rajasthan, a state level co-operative marketing organization, has been playing a very important role in agriculture marketing. The Rajasthan Co-operative Marketing Federation (RAJFED) was established on November 26, 1957. It is an apex body at the state level. The main aim of establishing RAJFED is to co-operatively handle purchase and sale of agricultural commodities for the benefit of farmers as well as consumers. Following are the main functions of RAJFED:

(a) Purchase and sale of agricultural commodities

RAJFED purchases the agricultural produce from markets by an open auction method and thus creates condition of competition. Farmer-producers get fair prices of the produce. The commodities so purchased by RAJFED are sold later on when prices are high. In its marketing operations, the RAJFED collaborates with NAFED, Tilham Sangh and other co-operatives. The primary cooperative marketing societies act as commission agents for making the purchases of agricultural commodities on behalf of the RAJFED. RAJFED pays commission to these societies for this work.

(b) Production and Supply of Agricultural Inputs

RAJFED is also engaged in the supply of agricultural inputs such as fertilizers (DAP, Urea, CAN), improved seeds, pesticides, plant protection implements and gypsum.

(c) Production of Animal Feed

RAJFED has established a unit of production of animal feed at Jaipur with a capacity of 12,000 tonnes per annum. The animal feed is distributed through various units of cooperative societies, government departments and private dealers.

(d) Production of Isabgol Bhushi

RAJFED has established a Isabgol Bhushi production plant at Abu Road in 1982 with the help of NAFED with a capacity of 450 tonnes per annum.

(e) RAJFED has also established a cold storage and ice-plant at Jaipur.

(f) RAJFED works as an important state agency for price support operations whenever need arises.

(ii) MARKFED – MARKFED is the state level organization in the state of Punjab. It is a federation of marketing cooperative societies. Its main objective is to help the farmers to secure better prices for their produce by taking care of the market needs and providing agricultural inputs. To achieve this objective, MARKFED's present activity includes sale of farm inputs (fertilizers, seeds and pesticides); maintenance of godowns and procurement of agricultural commodities through its member societies. Markfed has also entered the export business and helping establish contract-farming arrangements in the state.

(iii) Other State Federations – Almost all states have state level federations of cooperative marketing societies. These may be general purpose federations or commodity specific federations. Some examples of state level federations are State

Dairy Cooperative Federations, State Oilseed Federations and State Cotton Federations.

TANFED

The Tamil Nadu Cooperative Marketing Federation Ltd., popularly known as "TANFED" commenced its business on 20.2.1959. The area of operation is whole of Tamil Nadu except composite Thanjavur and Nilgiris Districts. From the inception (i.e.1959) till June 1976, there was elected board of Management. Subsequently, from November 1998 to 25.6.2001 TANFED functioned under the elected Board of Management. Now TANFED is functioning under the control of Special Officer.

Membership

The Members are:-

(a) Primary Cooperative Marketing Societies working at taluk levels (except those PCMS in the districts of Thanjavur, Thiruvarur and Nagapattinam Districts which come under the purview of Thanjavur Cooperative Marketing Federation Limited, Thiruvarur and (ii) Nilgiris District).

(b) Thanjavur Cooperative Marketing Federation Limited, Tiruvarur.

(c) Tamil Nadu Warehousing Corporation,

(d) Government of Tamil Nadu.

Authorised and paid up share capital

The authorised share capital is Rs.5 crores which is made up of one lakh shares at rupees five hundred each. The admission fee is Rs.50/-. Details of share capital as on 31.3.2008 are furnished in Table 5.3.

Table 5.3 Authorised and paid up share capital of TANFED

(Rs. in lakhs)

S.No.	Name of the Member	No.of shares	Share Capital
(1)	Co-operative Marketing Societies	109	79.94
(2)	Thanjavur Co-operative Marketing Federation	1	0.10
(3)	Tamil Nadu Warehousing Corporation	1	0.10
(4)	Government of Tamil Nadu	1	118.17
		112	198.31

Organisation

From the inception till June 1976, there was elected board of Management.

From June 1976 to November 1998 managed by the Special Officers.

From November 1998 to 25.6.2001, functioned under the elected Board of Management.

Subsequently, the Board was superseded by the Government of Tamil Nadu with effect from 26.5.2001 and thereafter, the TANFED is functioning under the control of Special Officer in the cadre of Additional Registrar of Cooperative Societies.

Organisational Setup

The Head Office consists of functional divisions such as Administration, Accounts, Internal audit, Fertilizers, Seeds and Pesticides, Agricultural Marketing and Civil Engineering.

TANFED HEAD OFFICE AT CHENNAI



Each division is managed by General Managers who are drawn from Tamil Nadu Government in the cadre of Joint Registrar of Cooperative Societies and Deputy Registrar of Cooperative Societies. Two General Managers in the cadre of Joint Registrars are in charge of Inputs and Finance, Marketing and Estate. In addition, a Secretary is in charge of Administration and Board functions. At district level there are 18 Regional Offices in Tamil Nadu State. As on 31.5.2010, the staff strength is 224 (exclusive of four persons deputed from the Government).

Functions and Objectives

1. To identify the agricultural input requirements of the farmers and arrange for storage and distribution of Fertilisers, Seeds, Pesticides and Agricultural Implements through Co-operative outlets.
2. To provide market support to the affiliated member Co-operative Marketing Societies in procuring, storing and marketing of agricultural commodities.
3. To provide storage facilities of specialized nature of perishable agricultural commodities and agro-based products by maintaining cold storage plants.
4. To undertake manufacture of agricultural inputs such as granulated fertilisers, manure mixture and quality seeds.
5. To undertake the distribution of kerosene.

Activities

A) Distribution of Fertilisers

The crop loan issued by Cooperative banks consists of cash portion and kind portion. The kind portion includes Fertilisers, Pesticides, Seeds and Agricultural Implements which are being supplied by Tamil Nadu Cooperative Marketing Federation through Primary Agricultural Cooperative Banks. TANFED purchase Chemical Fertilisers from the leading manufacturers like M/s.IFFCO, IPL, Coromandal, KRIBHCO, FACT, RCF, GNFC, SPIC, etc. and distributing through Primary Agricultural Cooperative Banks.

Details of Chemical Fertilisers distributed during the last 5 years are as follows :

Table 5.4

Chemical Fertilizers Distributed by TANFED

Year	Quantity (Mts)	Value (Rs. in crores)
2003 - 2004	78,597	48.78
2004 - 2005	1,46,765	90.10
2005 - 2006	1,68,310	105.80
2006 – 2007	2,18,077	141.07
2007 – 2008	2,93,849	207.14
2008 – 2009	8,83,144	606.64
2009 – 2010	8,21,120	569.03
2010-2011	81,094	56.48

(Upto31.5.2010)

TANFED has cash sales of fertilisers since it started. The farmers get fertilisers at lesser price than the market price under this scheme.

B) MANUFACTURE OF FERTILISERS

Pamani Fertilizer Plant at Mannargudi



TANFED is undertaking manufacture of its own granulated mixtures of Pamani 17:17:17 fertilisers with right mix up of NPK with special ingredient, ie., neem cake.

This product is very popular among the farmers in Tamil Nadu. This Plant was commissioned in April 1971 with the cost of Rs.110/- lakhs with an annual production capacity of 30,000 Tonnes. It is situated at Pamani Village, Mannargudi, Tiruvarur District. Details of production and sale of Pamani NPK 17:17:17 for the last 5 years are given below in Table 5.5.

Table 5.5
Production and Sale of Pamani NPK 17:17:17 Fertilizer by TANFED

Year	Production		Sales	
	Qty.in MTs.	Value (Rs.in Lakhs)	Qty.in MTs.	Value (Rs.in Lakhs)
2003-04	1023	166.10	3421	278.71
2004-05	5391	402.45	6279	513.82
2005-06	16188	1138.47	15186	1244.48
2006-07	18650	1303.95	18099	1492.32
2007-08	18711	1338.98	20322	1649.41
2008-09	17895	882.85	12039	1004.65

2009-10	14813	1099.42	14248	1189.00
2010 – 2011 (Upto 31.5.2010)	675	55.82	826	75.17

Pamani Fertilisers are sold through PACBs. In addition, Tamil Nadu Government has permitted TANFED to appoint private dealers, to sell the Pamani 17:17:17 from Dec.2005 onwards. TANFED has proposed to increase its production from 2 shifts to 3 shifts at the Pamani Fertiliser Plant.

C) TANFED FERTILISER MIXTURES

At present Fertiliser mixtures are produced in Trichy, Madurai and Vellore. Details of production and sale of Mixtures for the last 5 years are as given in Table 5.6.

Table 5.6
Production and Sale of Fertilizer Mixtures by TANFED

Year	Production		Sales	
	Qty.in MTs.	Value (Rs.in Lakhs)	Qty.in MTs.	Value (Rs.in Lakhs)
2003-04	1062	35.71	1021	4020
2004-05	1933	62.08	1987	7845
2005-06	5545	188.59	5474	228.30
2006-07	8839	304.69	8810	375.20
2007-08	11157	385.57	10961	476.73
2008-09	21537	835.42	20856	894.31
2009-10	20689	802.53	19838	850.65
2010 – 2011 (Upto 31.5.2010)	2276	105.36	2441	129.37

D) DISTRIBUTION OF PESTICIDES, SEEDS & AGRICULTURAL IMPLEMENTS

TANFED draw Pesticides, Seeds and Agricultural Implements from leading manufacturers and distribute through the Primary Cooperatives in the districts.

The details of the value of these inputs distributed during past few years are as given in Table 5.7.

Table 5.7
Distribution of Pesticides, Seeds and Implements by TANFED

(Value : Rs.in Lakhs)

Year	Pesticides.	Seeds	Implements	Total
2003-04	10.75	7.23	0.32	18.30
2004-05	23.44	3.70	3.04	30.18
2005-06	107.88	28.16	6.02	142.06
2006-07	77.87	23.86	4.87	106.60
2007-08	140.80	34.74	11.77	187.31
2008-09	117.53	33.72	20.67	171.92
2009-10	213.00	189.00	39.00	441.00
2010 – 2011 (Upto 31.5.2010)	11.20	11.40	14.69	37.29

TANFED owns a seed processing plant at Mannargudi which was commissioned during 1980 with a cost of Rs.3/- lakhs where quality paddy seeds are processed and distributed to the farmers to the extent of 300 MTs annually.

E) AGRICULTURAL MARKETING

Being a marketing Federation, TANFED does the work of procurement of Agricultural commodities such as cotton, chillies, coriander, pulses, oil seeds, pepper, turmeric, etc.

Procurement operation is undertaken through the Cooperative Marketing Societies and the Regulated Markets to fetch remunerative price for the farmers. This activity is being done under joint venture basis, tie-up arrangements with National Agricultural Cooperative Marketing Federation (NAFED) etc.

Year-wise performance made in the activity of Agricultural Marketing is as follows in Table 5.8.

Table 5.8
Turn Over Made by TANFED

Year	Qty.in MTs.	Value (Rs.in Lakhs)
2003-04	2287	645.27

2004-05	1852	328.92
2005-06	1334	272.26
2006-07	1161	218.86
2007-08	1072	209.98
Copra	5676	2054.93
2008-09	2486	443.96
2009-10	2625	553.45
Copra	27045	12035.00
2010 – 2011 (Upto 31.5.2010)	440	140.16
Copra (upto 31.5 2010)	2505	1114.82

TANFED sell crackers at very reasonable price to the general public. In 2006 the total sales was Rs.19.77 lakhs whereas in 2007 the total sales was Rs.99.29 lakhs. TANFED also act as Nodel Agency for distributing crackers to the rural area through PACBs in the State during the last 3 years.

F) COLD STORAGEES

TANFED has established two Cold Storage units at Chennai for the purpose of storing vegetables, fruits and perishables of the traders and General Public. The storage space are allotted on monthly rental basis.

	% of Utilisation	Rent earned
Cold Storage I	80%	4.07 lakhs
Cold Storage II	56%	9.08 lakhs
(upto 31.5.2010)		

(1) BASIN BRIDGE

The first Cold Storage Godown of TANFED was established in the year 1973 at Basin Bridge , Chennai. The installed capacity of this godown is 1350 tonnes. Total cost of this project is Rs.9.55 lakhs and the details of funding are as follows :-

1. NCDC Loan - 2.94 lakhs
- 2.Govt.Share Capital assistance - 4.90 lakhs
- 3.TANFED Share - 1.71 lakhs

Total - 9.55 lakhs

(2) KOYAMBEDU

TANFED installed its second Cold Storage with 2500 MTS capacity at Koyambedu Vegetable Market Complex availing loan facility from NDCDC, Share Capital assistance from the State Govt. and subsidy from Ministry of Food Processing.

The total cost and pattern of financial assistance received are as follows.

1. NDCDC Loan	44.00 lakhs
2. Govt. Share Capital assistance	55.00 lakhs
3. TANFED Share	47.75 lakhs
4. Subsidy from Ministry of Food Processing Industries.	52.00 lakhs

Total 198.75 lakhs

COLD STORAGE GODOWN AT KOYAMBEDU



G) STORAGE GODOWNS

For the purpose of storing agricultural inputs as well as agricultural commodities, TANFED constructed 39 godowns with the financial assistance from NDCDC at various places with a combined storage capacity of 28,140 MTs. In addition to the own godowns TANFED hired 9 godowns with the capacity of 3,450 MTs. in needy areas with a view to minimise the transport carrying cost of agricultural inputs.

H) KEROSENE DISTRIBUTION

TANFED installed one kerosene bunk at Kodambakkam with a storage capacity of 15 Kilo Litres in the year 1969 and continue its function as wholesaler till date. In addition to the wholesale distribution, in order to cater to the needs of the ration card holders, four retail kerosene bunks are functioning in Kodambakkam (Chennai), Mannargudi, Madurai and Coimbatore under Public Distribution Scheme. Around 50,000 litres of kerosene is supplied to the card holders every month in each of these retail outlets. The allocation of kerosene for both wholesale and retail distribution is made by the Civil Supplies Department and is drawn from the Indian Oil Corporation Limited. The details of distribution of Kerosene as wholesaler and retailer during the past years are as follows in Table 5.9

Table 5.9

Distribution of Kerosene by TANFED

Year	Qty.in Kilo Litres	Value (Rs.in Lakhs)
2003-04	2517	267.99
2004-05	2426	233.20
2005-06	3428	288.00
2006-07	3428	272.94
2007-08	3019	250.37
2008-09	2876	242.33
2009-10	2703	228.85
2010 – 2011 (Upto 31.5.2010)	437	37.09

Finance and Accounts

Sources of Funds

TANFED has raised its funds from

- a) Share Capital paid by members
- b) Reserves & Surplus from out of profit
- c) Borrowings in the form of short term loans, long term loan from State / Central Government, NCDC and cash credit from financing bank, i.e., Tamilnadu State Apex Cooperative Bank.

Accounts

As in the case of Public Limited Companies, TANFED also maintains its accounts under 'Double Entry System of Book Keeping'. But instead of preparing Trial

Balance, TANFED is preparing Receipts and Charges statement as directed in the Tamil Nadu Cooperative Societies Act from the Receipts and Charges statement, the final accounts are prepared. Every year Budgets are prepared and approved by the Board. The Annual accounts are prepared as per the Act.

Computerisation

The entire accounting system were computerized for which a separate Computer wing is working with six terminals under LAN system with one Pentium II server. The computer environment commenced from 1.4.1998 at the cost of Rs. 10/- lakhs. It is working under Foxpro software package. In addition to the above systems, six more latest Pentium IV are installed for general purpose. Plan to switch over the present software to latest software is under progress.

Audit

The Audit Wing consists of Internal Audit and Statutory Audit. The Internal Audit constituted with the own staff of TANFED. The Statutory audit of the TANFED is being done by the Audit Officers of Director of Co-operative Audit which is working under the Finance Department of the State Government. There are one Assistant Director, 5 Co-operative Audit Officer and 1 Co-operative Auditor working in TANFED on concurrent basis. The Audit Certificate up to 2006 – 2007 had been received. The audit for 2007 – 2008 has been completed.

Model Quiz

1. Cotton Corporation of India was established during the year
a. 1955 b. 1965 c. 1970 d. 1975

Ans: c

2. Co operative marketing was not successful in India except
a. Cotton b. Edible oil c. Milk d. Pulses

Ans: c

TRUE or FALSE

1. Ordinary members of co operative society do not have right in the profit share of the society. (False)
2. Nominal members of co operative society have the right to participate in decision making. (False)
3. State government do not subscribe to share capital of co operative marketing societies. (False)
4. Co operative marketing societies act as agents of the government in the procurement of food grains. (True)

5. NAFED is not functioning under co operative principles. (False)
6. NAFED does not take part international trade. (False)