

# **Social Innovative Enterprises: Ubiquitous Cooperatives in the State of Tamil Nadu, India**

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## **I Introduction**

Socially innovative initiatives are developed in reaction to increasing inequalities as well as to processes of social exclusion, mobilizing different resources. Regarding the criteria for success, the performance of business innovations is measured through the participation in the market and by profit rates, whereas in social innovation is assessed by the intensity of social improvements and progress. The ILO recognises that, “cooperatives in their various forms promote the fullest participation in the economic and social development of all”. In this regard, the researcher has analysed three different types of cooperatives that have developed the entrepreneurial skills among the members for uplifting them socially and economically and simultaneously these three cooperatives have emerged as a successful cooperative enterprises that could survive and sustain under the competitive environment by adopting innovative practices and the same is presented in this paper.

The main objectives of the study are

### **Objectives of the study**

- ✓ To study the historical background of the cooperatives and their functioning.
- ✓ To study the innovative practices adopted by the cooperatives to infuse the entrepreneurial skills among the members so as to uplift them socially and economically.
- ✓ To analyse the efforts taken by the cooperatives to impart entrepreneurial qualities to become successful enterprise in the competitive environment surmounting all the odds
- ✓ To explore the extent of adoption of entrepreneurial skills by the members in their profession.

Three different types of cooperatives viz., industrial, agricultural marketing and handicrafts were selected for the study purposefully from the State of Tamil Nadu, India. Fifty members from each cooperative were selected by adopting random sampling technique. The data collected through structured interview schedule from primary and secondary sources were tabulated and simple percentages were used and interpreted. The cooperatives studied are discussed below.

## **II Profile of the Cooperative Societies**

Tea is the most popular beverage in the world-popular among rich and poor alike, apart from water. One reason for its continuing popularity is that no harmful properties have been associated with tea over the period since the time of its discovery. Tea is a pleasant and stimulating beverage, possessing nutritional and pharmacological effects, which are beneficial to health.

### **Tea Production in India**

The production rapidly grew in the country. Darjeeling, Assam, Nilgiris-three distinctly different teas grown in different regions of the country. Darjeeling tea, the Champagne of teas is grown only in the Darjeeling hills of West Bengal in North-East India. It is acknowledged as the superlative standard for flavour. Assam tea offers rich, full-bodied, bright liquor. The climatic conditions and landscapes of the Blue Mountains or the Nilgiris favour fine flavour

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and brisk liquor. The combination of fragrance and briskness makes Niligiri tea a truly unique, found nowhere in the world. The total production during 2016 was 1209 Million Kgs in the area of 564 thousand hectares and in which the south India's production was 230 M.Kgs from 107 thousand hectares.

India's average productivity is 1,787 kg per hectare while in the Southern States it is more than 2,854 kg per hectare. Area under cultivation was 4,25,966 hectare in the year 1994, which increased to 4,34,376 at present. Assam produced more than 50 per cent of the total tea produced in India and 22 per cent of the tea produced globally. Tea production is divided in the ratio of 3:1 between Assam and Bengal and the Southern States. Normally in the total production, 20 to 25 per cent is exported.

Cooperative too has a place in the tea sector. In the country's total tea production, Cooperatives' contribution is nearly two per cent.

### **Role of Cooperatives in Tea Sector**

Cooperatives play vital role particularly for small and marginal tea growers. There are 29 Cooperative Tea Factories in India spread over four states of country, with a total production of around 15 million kgs. The Niligiris district of Tamil Nadu state alone has 15 cooperative tea factories, even though Tripura has nine cooperatives, Himachal Pradesh has four Cooperatives, and Kottayam district of Kerla state with very meagre production. Further, it is evident that the Niligiri District of Tamil Nadu has more number of Cooperative Tea Factories and accounts for 90 per cent of the tea production of the Cooperative Tea factories. With this background, an attempt has been made to the study the functioning of the cooperative tea factories in Nilgiris District of Tamil Nadu and the services rendered to uplift the members socially and economically.

### **Performance of Industrial Cooperative Tea Factories in Nilgiris District**

#### **Formation of INDCO Tea Factories**

Historically, tea plantations were developed by the British in the 19<sup>th</sup> century, since then, it is mostly in the form of tea estates, the normal size of which in South India is 300-500 hectares. Since 1930s, there has been steady increase in the area under tea cultivation in the small grower sector, which is typical to the Nilgiris District. Today, there are around 63,000 small growers in South India, cultivating an area of approximately 30,000 hectares and it is estimated that around 75 Million Kgs of tea per annum is contributed by this sector.

Initially, these small growers had to supply their green leaves only to private tea factories. These small tea growers faced several problems such as low rates for their leaves, heavy rejection of leaves, manipulations in quantity of leaf supplied, etc. This scenario prompted the Government to form Tea Factories under Cooperative Sector. With the establishment of the first Industrial Cooperative Tea Factory at Kundah in 1962, these small growers were able to realize a better price for their green leaf.

#### **Functions**

The Industrial Cooperative Tea Factories are procuring green tea leaf from their Small Tea Grower Members and paying green leaf rate by converting the Green leaves into Made Tea through the modern Tea Machinery by adopting latest technology and selling the made teas in Tea Auction Centres. Today, there are 15 Industrial Cooperative Tea Factories (INDCO) under regular production covering about 38,000 acres of small holdings and 25,000 Small Tea Growers out of 63,000 Small Tea Growers of the Nilgiris District. The total production of tea, both Orthodox and CTC, of these factories, is around 17 Million Kgs per annum

commanding 13 per cent of the total production of the Nilgiris. The details on the installed capacity of all the 15 Industrial Cooperative Factories, number of member growers enrolled, their holdings, working result, etc. are furnished below.

**Table 1: INDCO Tea Factories Installed Capacity, Members, Land Holdings (As on 31.03.2017)**

Sl. No.	Name of INDCO Tea Factory	Year of Starting Operation	Installed Capacity (In lakhs kgs)	No. of members	Acreage covered
1	Kundah	1962	28.10	2,015	2,827
2	Karumbalam	1966	10.00	957	1,875
3	Mercunad	1967	15.60	1,880	2,717
4	Mahalinga	1967	14.05	2,771	3,627
5	Manjoor	1967	28.10	1,699	2,311
6	Ithalar	1967	28.10	2,536	2,868
7	Pandalur	1974	20.10	1,587	2,919
8	Kaikatty	1976	12.50	1,856	3,486
9	Kattabettu	1976	15.60	1,230	2,267
10	Salisbury	1983	28.10	1,583	3,574
11	Frontier	1986	20.10	2,183	2,995
12	Kinnakorai	1989	12.50	954	1,302
13	Bikkatty	1991	15.60	1,430	1,560
14	Ebbanad	1997	10.90	969	1,685
15	Bitherkad	1998	14.05	1,600	2,283
	<b>TOTAL</b>		<b>273.40</b>	<b>25,250</b>	<b>38,296</b>

The total installed capacity of the cooperative tea factories is 273.40 lakh kilograms from an area of 38,296 acres and 25,250 members. The factories provide direct employment to 1130 and indirect to 22000.

**Table 2: Growth of the INDCO Tea Factories**

Sl. No	Details	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
1	Number of members	19586	22,525	24,474	24,852	25103	25250
2	Acreage (Acres)	32376	33,706	36,049	37,050	36298	38296
3	Quantity of green leaf purchased (in lakh kgs)	627.55	613.99	661.61	610.81	581.12	520.36

4	Quantity of made tea produced (in lakh kgs.)	165.90	164.96	179.15	160.01	150.95	135.74
5	Rate paid for green leaf (Rs. per kg)	8.97	15.15	13.72	7.56	8.94	14.29
6	Tea sales (in lakh kgs)	164.76	165.83	162.73	175.88	160.39	140.99
7	Value of tea sales (Rs.in lakhs)	9510	14,055	13,334	9,823	10,184	12,505
8	Sale Average (Rs./Kg)	57.72	84.76	81.94	55.85	61.94	86.19

It is evident from the above table that the membership and the acreage under tea cultivation have grown over a period. The green leaves purchased, made tea produced and the sale of tea except in the year 2015-16 shows an increasing trend. The rate paid to green leaf paid by the INDCO ranges was Rs.14.29 per kg during 2016-17.

Table 3 reveals that except three INDCOs other cooperative tea factories have accumulated loss. The Cumulative Loss upto 31.03.2017 by INDCO was Rs.3,169.77 lakhs. This is due to fall in price and variations in the short period. The quality of the tea was also one of the reason as the members sometimes supply the tea leaves with stem. The production in other countries increased and demand came down.

**Table 3: Working result of Industrial Cooperative Tea Factories (Rs. in Lakhs)**

Sl. No.	Name of the Factory	Cumulative Loss / Profit as on 31.03.2016	Cumulative Loss / Profit as on 30.06.2017
1	Kundah	(-) 55.72	(-) 33.26
2	Karumbalam	(-) 191.04	(-) 163.64
3	Mercunad	(-) 371.46	(-) 299.48
4	Mahalinga	(-) 50.06	(-) 48.96
5	Manjoor	(+) 24.64	(+) 26.83
6	Ithalar	(-) 304.91	(-) 257.28
7	Pandalur	(+) 4.25	(+) 3.13
8	Kaikatty	(-) 8.29	(+) 4.90
9	Kattabettu	(-) 191.66	(-) 187.20
10	Salisbury	(+) 15.21	(+) 12.52
11	Frontier	(-) 249.74	(-) 271.00
12	Kinnakorai	(-) 383.14	(-) 257.81
13	Bikkatty	(-) 147.12	(-) 159.40
14	Ebbanad	(-) 924.50	(-) 931.06
15	Bitherkad	(-) 511.46	(-) 560.68

## **PERFORMANCE OF INDCOSERVE**

After the formation of first Industrial Cooperative Tea Factory at Yedakkad village in the year 1962, the Small Tea Growers realized the benefit of the factory and they demanded the formation of more number of Industrial Cooperative Tea Factories. Subsequently, number of Industrial Cooperative Tea Factories was established in various places of the Nilgiris District and it was felt necessary to promote an Apex Organisation to coordinate the activities of all the Industrial Cooperative Tea Factories. Accordingly, the Tamil Nadu Small Tea Growers Industrial Cooperative Tea Factories Federation Limited, "THE INDCOSERVE", was established in the year 1965.

### **Objectives of the INDCOSERVE**

The objectives of INDCOSERVE specified in its Bylaw are:

- To promote the economic interest of the Small Tea Growers / Members of INDCO Tea Factories in the Nilgiris District.
- To coordinate and facilitate the purchase of Machineries, Tools, manure, consumables, etc. required by the INDCO Tea Factories.
- To render services to the member factories in the area of Legal, Technical, Financial, Social, Manufacturing, Transport, Marketing, Warehousing, Sales, etc.
- To market branded and un-branded teas, packeted and straight teas, green tea, Instant Tea in India and Abroad.
- To help the growers to get reasonable price for their produce.

### **Functions**

The INDCOSERVE provides various services to the Industrial Cooperative Tea Factories such as warehousing facilities at Coonoor, Coimbatore and Cochin, supply of fertilizers, supply of jute bags for packing of teas, machinery spares, and other inputs to the small tea grower/members through the INDCO Tea Factories besides helping to market the teas of the factories to their best advantage. INDCOSERVE also provides financial support to the member INDCO Tea Factories, in case of necessity.

### **Management of INDCOSERVE**

The By-Laws of INDCOSERVE provide for Management with an elected Board. The Chairman and Vice-Chairman of this Board are to be elected from among the elected Chairmen of 15 Industrial Cooperative Tea Factories. The elected Board was assumed charges from 11.06.2013. The Managing Director in the cadre of Indian Administrative Service is administering the affairs of the INDCOSERVE. One General Manager in the Cadre of Deputy Director of Industrial Cooperatives and five managers in the cadre of Industrial Cooperative Officer drawn from Industries and Commerce Department are assisting the Managing Director.

### **The Main Areas of Business**

The main areas of business are supply of Tea to Defence Department, Sale of "Ooty Tea" to State Civil Supplies Corporation and Cooperative Stores under Public Distribution System and supply of tea to recognized export houses. The performance of INDCOSERVE for the past five years is furnished below.

The members of the INDCOSERVE increased from 16 to 17 as the Government become member by providing share capital. The share capital increased from Rs.324.50 lakhs in the year 2013-14 to Rs. 324.55 lakhs in the year 2016-17.

**Table 4: Sales Turnover and Working Results**

(Rs. in lakhs)

Sl. No.	DETAILS	2012-13	2013-14	2014-15	2015-16	2016-17
1	OOTY TEA sales through P.D.S.	3966.90	5078.52	4294.40	4540.25	3886.77
2	Sale of Packing materials to INDCO Tea Factories		.....	110.00	158.64	102.45
3	Warehouse Income	127.53	158.56	153.41	137.58	108.65
4	Total	<b>4094.43</b>	<b>5237.08</b>	<b>4557.85</b>	<b>4836.47</b>	<b>4097.87</b>
5	Profit for the year	184.89	557.19	1048.04	970.96	249.01
	Less:					
	1. Rebate paid to INDCO Tea Factories	120.00	495.00	....	846.62	....
	(a) For 5 <sup>th</sup> Cut CTC	.....	.....	29.24	....	....
	(b) For ENCON Motors	.....	.....	5.05	....	....
	2. Contribution to Price Stabilization Fund	.....	.....	736.50	-	....
	3. Provision for providing Lath workshop at two places of INDCO Tea Factories	.....	.....	40.00	....	....
	4. Provision for additional lath, New Lath, Digital scales, Impact Pulverizer, Maintenance works at ICTFs	.....	.....	150.00	.....	.....
6	Net Profit	64.89	62.19	87.25	124.33	249.01

Table 4 reveals that the total turnover of the federation, INDCOSERVE increased from Rs.4094 lakhs to Rs.4097.87 lakhs, that includes sales through PDS and other input to INDCOs. Whereas the net profit of the federation decreased due to the price fluctuation in the world market. The direct employment provided was 23 numbers and indirect employment to 113.

### Ooty Tea

The Government of Tamil Nadu launched the sale of “OOTY TEA” to the general public through the Public Distribution System on 28.08.2001. INDCOSERVE is supplying about 250 M.Ts. of blended teas, per month, under the brand name of “OOTY TEA” through Tamil Nadu Civil Supplies Corporation and District Cooperative Wholesale Stores of Cooperative Department. Under the above said scheme, INDCOSERVE is purchasing teas from various

Estate Factories, which includes INDCO Tea Factories also through Tea Auction Centers at Coonoor and Coimbatore. The teas thus purchased and blended by INDCOSERVE are subjected to repeated tests to maintain quality and conformity with the Prevention of Food and Adulteration Act, so that the public are provided with good quality of tea at reasonable rate. Moreover, OOTY TEA also provides the required cuppage and good flavor. The quality of OOTY TEA is on par with other well known branded teas, by breaking the myth that only low quality of product would be available at low price.

It is to highlight that, after having resorted to the purchase of Teas by INDCOSERVE for blending in their Ooty Tea production, the sale average of some of the teas of factories in the Nilgiris District have gone up considerably. The market intervention by INDCOSERVE is helping all the tea factories in the Nilgiris to realize better sale average and consequently the Small Tea Growers are getting better rate for their green tea leaves. From and out of the profit earned by Ooty Tea, INDCOSERVE has so far paid a sum of Rs.3610.46 lakhs as rebate to the Small Tea Growers of the Industrial Cooperative Tea Factories.

The selling price of OOTY TEA by INDCOSERVE is at Rs.130/- per kg (including VAT) and Maximum retail price of OOTY TEA by Tamil Nadu Civil Supplies Corporation Ltd and Cooperative Stores is at Rs.150/- per kg (including VAT). The tea is being sold @ Rs.15/- per pouch of 100 grams, through the Fair Price shops all over Tamil Nadu.

### **Achievements**

As a land mark achievement, INDCOSERVE has got the prestigious ISO 9001:2008 Certification from “DET NORSKE VERITAS (DNV)”, NORWAY for its Quality Management System covering Tea Blending, Pocketing and Marketing of teas and Warehousing facilities. Ooty tea is now a Registered Trade mark and INDCOSERVE is also accredited with ISO:9001-2008.

The role of INDCOSERVE and INDCO Tea Factories in improving the economic conditions of small tea growers has since been recognized by one and all. The Small tea Growers today have a dignity and identity of their own and Kudos to the Cooperative effort and are looking forward to a bright future confidently.

### **A New Initiative: TEASERVE- The World’s first Electronic Tea Auction Centre:**

In acceding to the representation made by the Small Tea Growers of the Nilgiris District, the Government have accorded permission for setting up of an Electronic Tea Auction Centre vide G.O. MS No.36, Small Industries Department, dated 17.07.2002. Accordingly, the new Tea Auction Centre under Cooperative sector in the name of “TEA MANUFACTURERS’ SERVICE INDUSTRIAL COOPERATIVE SOCIETY LIMITED, shortly called as “TEASERVE” was Registered on 28.08.2002 and started on 13.09.2002 at Coonoor in the Nilgiris District. The TEASERVE commenced its Electronic Auction proceedings with effect from 01.10.2003.

### **TEASERVE- A Cooperative Federation of Small Tea Growers:**

As the entire Auction proceedings of the TEASERVE are computerized, the exploitation of middleman is avoided and the registered buyers alone could participate in the electronic auction proceedings.

### **Membership and Share Capital:**

**Seller Members:** The TEASERVE have 172 Seller Members on its roll with a paid up share capital of Rs.44.20 lakhs, which includes the Government Share Participation of Rs.5.00

lakhs. There are 204 Tea Buyers so far have registered in TEASERVE. The advantages when compared to other auction centres is that is lesser transaction time.

### **Sustenance and Social Innovation of the Cooperative Tea Factories**

The tea industry as a whole is under the pressure of fluctuating price trend. The private players are facing problem in getting a good return for the made tea. Cooperative tea factories are not exception and reeling under the same problem for a long. Whereas, the cooperatives with a commitment and vision were started to protect the small tea grower members. Now, starting of a new cooperative tea factory to serve the members even under the crisis is an example. The cooperatives adopt different methods to educate the members in better cultivation practices, growing the tea plants and plucking of quality tea leaves for supplying to the cooperatives. The awareness programmes made lot of changes in the minds of the tea grower members. Further, the cooperatives also from its part striving to compete with supplying quality made teas to fetch a better price. One of the reasons to start TEASERVE is to bring the merchants to cooperative premises and sell the products. Another step is that the INDCOSERVE lobby to get the government order to sell the tea pockets regularly through Public Distribution System. In addition to that it gets financial assistance from the Government for infrastructure creation, subsidy etc. The cooperative under the present circumstances may not face the survival problem, but sustenance depends on the strategy of the cooperative tea factories and members participation.

### **Profile of the Erode Agricultural Producers Cooperative Marketing Society Limited (EAPCMS), Erode District, Tamil Nadu**

The Erode Agricultural Producers Co-operative Marketing Society Ltd registered commenced its business from 29<sup>th</sup> June 1960 onwards. It was with 58 members and a share capital of Rs.14,385/-, the society started its humble beginning. As on 31<sup>st</sup> March 2016, the society is functioning with 23,449 members from over all the state and the share capital is Rs.20.64lakhs. The Society is running with net profit since its commencement and distributing 14 percent dividend to its members since 1990.

Turmeric (Haldi) is a very important spice in India from ancient times. India produces nearly whole world's turmeric crop and consume 80 percent of it. With its inherent qualities, Indian turmeric is considered the best in the world. The Important turmeric growing States in India are, Andhra Pradesh, Tamil Nadu, Orissa, Maharashtra, Assam, Kerala, Karnataka and West Bengal, in which Andhra Pradesh occupies 40 percent of total turmeric area followed by Orissa and Tamil Nadu occupying 17 percent and 13 percent of total turmeric area respectively. In terms of production Andhra Pradesh accounts 60 percent of total turmeric production in India followed by Tamil Nadu (13 percent) and Orissa (12 percent). In 2015-16, turmeric was cultivated over 6293 hectares in erode district. Erode is one of the district, where turmeric is cultivated traditionally. On an average, 5.12tones of turmeric is cultivated from one hectare and Erode District market has an arrival of about 20 lakh bags (65kg bag) per year.

### **Management and Administration**

The Society is having an elected board of directors (BoD) since 2013 (11.6.2013) after a long period and from the government a Managing Director (MD) has been appointed to take care of the day to day operations. There are eight employees working in different cadres to support the BoD and the MD.



## Business Functioning of EAPCMS

Even though the area of operation is restricted to Erode Taluk, the agricultural growers from all over the state of Tamil Nadu are admitted for agricultural purpose particularly marketing of Turmeric.

**Table 5: Details of the Business functioning of the EAPCMS**

Sl. No	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1	Members (in Nos): 'A' Class 'B' Class	19844 14182	24709 18344	24727 20605	23449 22731	24705 24529
2	Paidup Share capital (Rs.in lakhs)	20.38	19.35	19.69	19.67	20.64
3	Agricultural Produces Marketed (Qty in MTs)	16241	14097	9175	14429	17483
4	Agricultural Produces Marketed (Rs.in lakhs)	8654	6368	5262	9400	13395
5	Turmeric Total Sales in Erode (in Bags-65 kgs)	572375	487733	347230	443380	482820
6	Turmeric Sales by EAPCMS (in Bags-65 kgs)	216546	181293	113980	177105	216183
7	EAPCMS Share in the total Turmeric Sales (in percentage)	38	37	33	40	45
8	Produce Pledge Loan by EAPCMS (Rs.in lakhs)	168	160	173	167	326.65
9	Liking of Credit With Marketing (Farmers PACS loan repaid by EAPCMS) (Rs.in lakhs)	40.52	47.15	49.46	58.92	75.00
10	Profit (Rs.in lakhs)	55.45	45.94	45.49	41.88	186.54
11	Establishment Expenses (Rs.in lakhs)	60.79	58.00	61.10	77.76	85.47
12	Establishment expenses to Total sales in Percentage	0.70	0.91	1.16	0.83	0.63
13	Best working CMS in the State	-	Awarde d	Awarde d	Awarde d	Awarde d

The members are increasing over a period because of the faith they have on the society and the transparent business carried out by the society. The regular members are 24,826 and equally 24,529 associate members are in the society. Further, the society fulfils the other needs like input distribution, pledge loan, immediate payment and shed for the members produce and rest room for the members, Tea during their transaction etc.

Erode District is in the State of Tamil Nadu is very important market centre for Turmeric as it is grown more by the farmers in the district and nearby districts. Therefore, Turmeric

received not only from Erode district, but also from other parts of Tamil Nadu. The society arranged to market the agricultural producers of its members, especially Turmeric on Agency basis. Apart from Erode Agricultural Producers Cooperative Marketing Society and 300 Private Mandies operating in and around Erode. Out of the total sales, the share of the society is 45 percent during 2015-16, the society daily conducts secret tenders in its premises. The Highest rate offered by the trader in the tender is confirmed in consultation with the farmers. Further, only a nominal service charge of 1.5 percent is collected and the sale amount of Turmeric is disbursed to the members on the spot itself. The main reasons are a very low service charge is collected from members compared to other mandies that charge 2 to 5 percent and more importantly, the society activities are transparent, no hidden cost. Even the sample turmeric taken from the farmers that are kept for Auction is returned to members, which is a rare phenomena among the mandies.

**Table 6: The marketing activities undertaken for the past five years**

S. No.	Year	Value (Rs. In Lakhs)	Quantity (in M.T)
1	2012-2013	6368.53	14097.000
2	2013-2014	5262.04	9175.000
3	2014-2015	9400.29	14429.000
4	2015-2016	13395.19	17483.000
5	2016-2017	9626.78	11932.000

### Issue of Produce Pledge Loan

The society provides three months free storage in which free fumigation and insurance for the produces are done. There are instances where for more than ten years the turmeric of farmers are kept in the godowns since the charges are very minimum and with an expectations that the price will increase in future. If the farmers wish, the society provides 60 percent of the current value of the turmeric stored in the godown subject to a maximum of Rs.3 lakhs with 9 percent interest as Produce Pledge Loan. This facilities the agriculturists to store temporarily their produce and free to sell when the market rate increases.

**Table 7: The details of produce pledge loan issued for the past five years**

S. No.	Year	Pledge loan issue (Rs. In laksh)
1	2012-2013	160.80
2	2013-2014	172.79
3	2014-2015	167.31
4	2015-2016	262.70
5	2016-2017	326.65

The society created a good bondage with the primary societies that have helped in marketing the Masala products through them without any difficulty.

### **Linking of Credit with Marketing**

The farmer members have borrowed crop loans from Primary Agricultural Cooperative Credit Societies (PACS) in the district and same has been repaid by the EAPCMS after the farmers produces are sold.

**Table 8: Linking of Credit with Marketing**

<b>S.No</b>	<b>Year</b>	<b>Quantity (in M.T)</b>	<b>Value (in Lakhs)</b>
1	2012-13	102.000	47.15
2	2013-14	89.000	49.46
3	2014-15	89.000	58.92
4	2015-16	80.000	63.18
5	2016-17	96.000	75.00

### **Working Results**

The society is continuously on profit since its inception and the profit was as high as Rs.187 lakhs during 2015-16 and it is due to the facts that the profit from other activities like turmeric and masala sales increased.

The society has been extending remarkable service to the members and further it declares a maximum dividend of 14 percent every year since 1990.

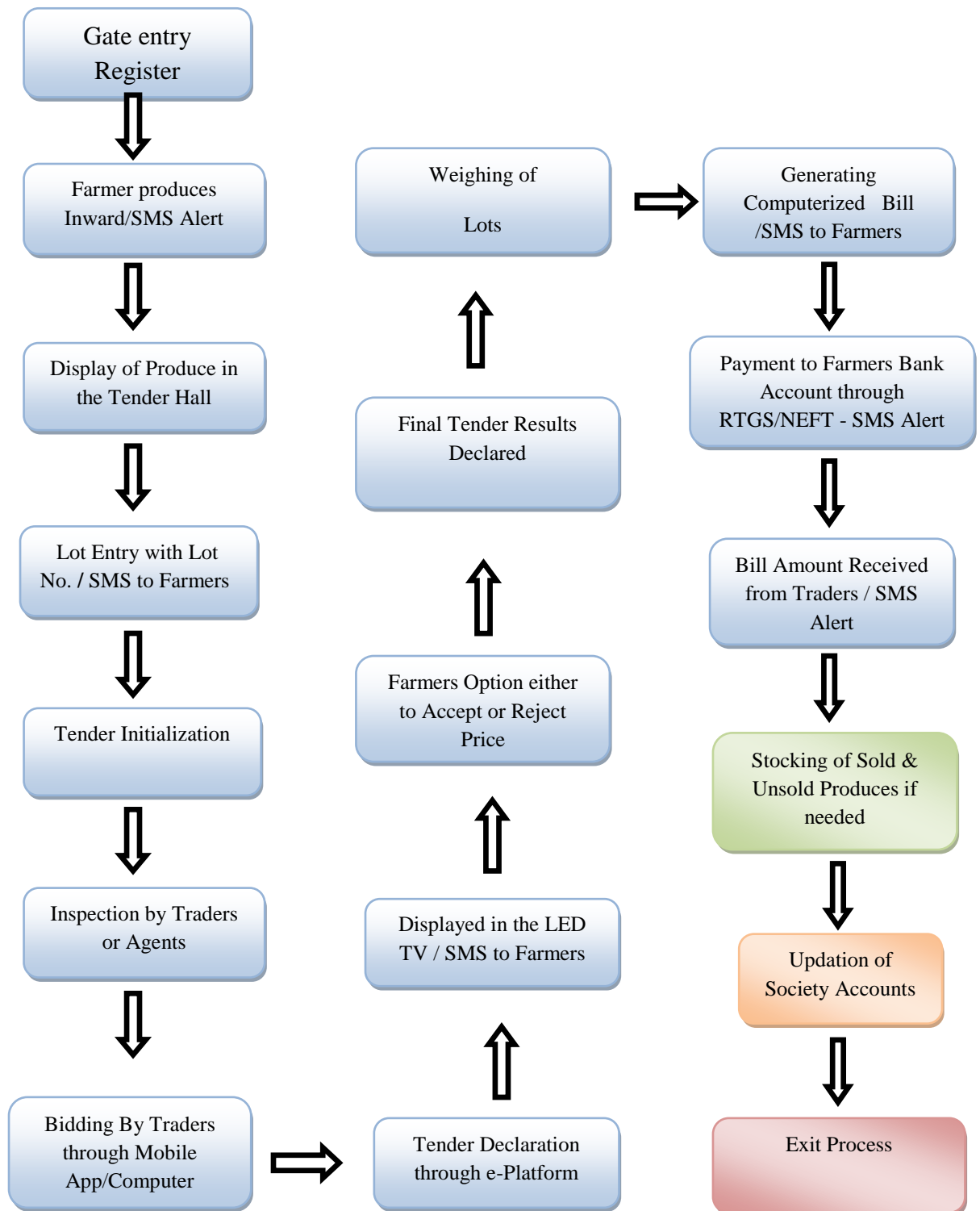
**Table 9: Working Results**

<b>S.No</b>	<b>Year</b>	<b>Profit (in Lakhs)</b>
1	2011-12	55.45
2	2012-13	45.94
3	2013-14	45.49
4	2014-15	41.88
5	2015-16	186.54

### **E-Tender**

In number of places the traditional manual tender/ auction system is followed for auctioning the agricultural produces. In the EAPCMS, 'Mobile APP Tender System' is introduced from February 2016 onwards for the benefit of the society and the stakeholders. The flow diagram is presented below.

### The Flow of e-Tender



When the farmer enters the society premises, Number of bags and Variety, member details, Lot entry is made in the system. The number of bags and lot numbers are entered in server through android tab. If the farmer wishes to sell the turmeric produce, then sample turmeric are taken from the farmers' lot and kept in the Auction Hall with the display of farmers' lot number for the traders to inspect. Instead, if the farmers wanted to store and sell latter, the lots will be stored in the godown after weighment.

The registered traders are allowed to inspect the turmeric samples and quote/ bid their price either through computer or mobile phone. Apps have been developed by the society that is downloaded by the traders. The bid amount quoted by the traders goes to the server of the society. Once bid timings are over, the details of the farmer, trader, lot and highest bid amount displayed in the LED TV kept outside the server room for the members and traders to check, and also message sent to the farmers for his concern. The farmer has liberty to accept the offer and sell the produce for the price quoted by the trader or refuse the offer and store the produce.

Once the process is over, the farmers are paid the money immediately from the society's fund. The service charges are collected promptly from the farmers for the service rendered by the society.

E-Tender system by the society functions through offline System with Extensive Wifi Infrastructure. Sector Antennae are installed in the markets for High Speed Data Transfer. The software supports more than 200 Concurrent Traders and can bid within the Wifi Network, i.e., within the premises of the society. The farmer and trader have to register. Then SMS intimations are made to the farmers for LOT entry and BID amount. Once the process is over, the declaration is made from Software and results are displayed in the LED TV and also an SMS to the farmers.

### **Enhanced Benefits of e-Tender**

- Highly Secured and transparent system
- Farmers will be able to get good price due to competition.
- Software will support "n" number of concurrent users.
- Process of Interlinking of different Markets and branches can be achieved easily.
- Farmers will get the payment instantly due to online payments.
- Godown-Owners may also get into the regulatory system.
- These activity ultimately led to a Paperless Transactions
- The society can store "n" number of data, transactions in the database of the server, and able to retrieve the old / stored records.

### **Value Addition to the Agricultural Producers of the EAPCMS**

The Society, besides conducting sales through secret tender, it also purchases Turmeric by participating in the secret tenders for 'Stabilization of the Price of Turmeric' in the market. The society resells the turmeric and as value added products to many cooperative institutions and also to other famous temples in Tamil Nadu with nominal margin of profit.

The Society has installed a Turmeric powder plant in its premises at a cost of Rs.10lakhs with the assistance of NCDC in the year 1986. This has a crushing capacity of 1300 M.T. per annum. The Turmeric powder manufactured in this unit with "AGMARK GRADATION" is being exported to foreign countries by NAFED, Chennai from 2001. After 2009-10 there was a slack in the production of turmeric powder. Once again with the support of the employees, members and the co-operative department officers, ventured full-fledged in producing turmeric powder and related powders, the officers of the co-operative department took personal interest and developed different tastes by conducting research on taste-tests by supplying samples and consulting experts in the field. The final products were developed after finalization of the above research and started commercial production of Chilly Powder, Sambar Mix Powder, Rasam Mix Powder, Coriander Powder and Kumkum Powder (thilak) from February 2016 onwards. The Products are sold in the brand name of "MANGALAM TURMERIC POWDER" packed in 1kg, 500g, 100g, 50g and 20g packets at a reasonable

price to the consumers. The products are getting a very good reputation in the market and sale is picking up. The sale details are furnished below in the table.

**Table 10: The details of Mangalam Turmeric Powder Sales for the past five years**

S. No.	Year	Quantity (in tones)	Value (Rs. In lakhs)
1	2012-2013	9.600	7.80
2	2013-2014	11.345	9.49
3	2014-2015	24.800	22.41
4	2015-2016	274.34	328.56
5	2016-2017	243.098	323.82

**Table 11: The details of Mangalam Kumkum and Masala Powder Sales for two years**

S. No.	Year	Quantity (in tones)	Value (Rs. In lakhs)
1	2015-2016	12.158	28.04
2	2016-2017	84.441	184.69

The products are marketed through consumer cooperative wholesale stores, PDS shops and a counter in the society premises. The Kumkum (thilak) is having a good demand as it is pure and supplied to all major temples in the State. Over all, the prices of all products are competitive and cheaper. The sale has crossed Rs.5 crores in a very short time since the product is genuine, competitively cheaper and finally gained the consumer confidence. The following table gives a clear picture of the prices of various popular brands in Tamil Nadu during December 2016.

**Table 12: Comparison of Turmeric and Masala Powder Prices of Popular Brands in Tamil Nadu**

(in Rupees)

S. No	Products (Powders)	Mangalam Brand				Sakthi Brand				Achi Brand			
		MRP		Sales		MRP		Sales		MRP		Sales	
		50 gm	100 gm	50 gm	100 gm	50 gm	100 gm	50 gm	100 gm	50 gm	100 gm	50 gm	100 gm
1	Turmeric	12.00	20.00	6.75	13.50	16.00	32.00	9.50	19.00	16.00	32.00	10.00	19.00
2	Coriander	15.00	30.00	7.50	15.00	19.00	38.00	10.50	20.50	20.00	40.00	11.00	22.00
3	Chillie	14.00	28.00	10.50	21.00	21.00	42.00	12.50	25.00	21.00	42.00	13.00	25.00
4	Sambar	16.00	32.00	12.00	24.00	25.00	50.00	14.50	29.00	25.00	50.00	15.00	30.00
5	Rasam	20.00	40.00	16.75	35.50	32.00	64.00	20.50	41.00	32.00	64.00	21.00	41.00

The above table shows very clearly the price difference of the EAPCMS product and other popular brands in the state of Tamil Nadu. The society's Mangalam brand is having edge over other brands in the quality and price front. The problem is marketing of the products. There is no advertisement through the Print and Electronic Medias as done by the other brands regularly and repeatedly, so that the brand name will be in the minds of the people always and ask the retailers. There is no strong network of the distribution channel, even though the consumer cooperative stores prevail in the nook and corner of the state. The society could not give trade discounts, rewards and gifts to entice the distributors as done by the above popular brands.

### **General**

The society is awarded "Best Working Cooperative Marketing Society" in the State during the years 1994 and 1996, from 2003 to 2005, 2008 and from 2013 to 2015 for its excellent performance. The society is administrated by Elected Board of Directors with effect from 11<sup>th</sup> July 2013.

### **Social Innovation of the Cooperative**

The society has shown remarkable growth over the past three years. The reasons may be attributed to the dedicated service of employees, board of directors and the officer. The main reason is diversification of the business by adding to the traditional work of 'Auction of Turmeric' to 'Value Addition' to the produces. The success of the society is attributed to the real involvement of its members. The business diversification decision has been timely and carried out with the wholehearted support of the members, employees. The society may be permitted to go for aggressive marketing by extending the area, adding new marketing channels, wide publicity etc. The diversification particularly, the value addition to the produce have led the society growth path and a holistic development could be witnessed as the members, society, employees and the general public benefitted out of the new venture.

### **A Study of Manamadurai Pottery Workers Cooperative Cottage Industrial Society Ltd.**

Pottery is one of the oldest industries which provide employment to rural people. This sector is characterized by low investment, operational flexibility, local resources and domestic and export opportunity. An object of art made of a composition of clay and sand and baked with earthen color, is Pottery. A cottage industrial society where male and female, old and young artisans of Manamadurai, more than 120 families of artisans are always busy in creating and shaping wide range of enthralling pottery crafts. An Artisans artistic touch adds value to the clay and gives life to the crafts. Manamadurai, in Sivagangai district is famous for pottery because of its unique quality of clay. The economy of this village largely depends on pottery industry. The society has been encouraging and supporting the artisans through policies for preferential access to credit, purchase crafts, help in marketing, technical guidance, training and technology upgradation, etc.

The society has male and female, belong to old and young artisans of Manamadurai as members. There are 377 members, out of which 287 are males and 234 are females. All these members belong to Kulalar community and two members belong to Schedule Caste. These families are always busy in creating and shaping wide range of enthralling pottery crafts. An Artisans artistic touch adds value to the clay and gives life to the crafts. Manamadurai, in Sivagangai district is famous for pottery because of its unique quality of clay that is taken from Water Bodies (Kanmais) like Nedunkulam, Nathapurakki, Sundaranadappu, Seikalathur. With a view to develop the socio-economic conditions of pottery artisans at Manamadurai, a society was formed in the year 1946 with the name titled "The Manamadurai Pottery Workers Co-operative Cottage Industrial Society Ltd."

The main function of the Society is to purchase the finished pottery products from the members and sell them in the local market and also supply to Coimbatore, Tirchi, Erode, Salem, Karaikal, Madurai and Chennai. Sometimes, some few products are exported to Malaysia and Gulf Countries (Asokan, I, A.Mayil Murugan, R.Gopalsamy, (Feb-2002).

The economy of this village largely depends on pottery industry. This cooperative society benefits directly to generate employment approximately to 35 artisan families and indirectly to 185 private Potters in and around Manamadurai. Red clay hereditary pots, water pots, garden pots, firewood ovens, saw dust ovens, maga chools, nursery pots, dhoop stand, and decorative red clay pottery ware are the products produced in the society.

### **Performance of the Manamadurai Pottery Cooperative Society:**

The society was making loss for a long time because of lack of professional management, lack of participation of members, no innovation, and poor adoption of technology. But from 2008 to 2014, the society is showing continuous growth. The society has brought economic development to the potters of Manamadurai<sup>5</sup>. According to the report for the year 2014 of the Manamadurai Pottery Workers Co-op Cottage Industrial Society Ltd, Manamadurai, the share capital of the society was Rs 30,630/-. The society has two hectares of own land that is used for sticking finished goods, work shed, clamp kiln, pug mill, wire cut bricks and tiles with 25 HP motor, electrically operated potter's wheels etc.

**Table 13: Details on Production, Sales, Profit and Loss of the Society:**

in Rupees

S.no	Year	Production	Growth%	Sales	Growth%	Profit	Growth%
1.	2008-09	2353466	-	2834378	-	309878	-
2.	2009-10	2378107	1.01	2866598	1.01	213544	0.69
3.	2010-11	2137774	0.89	2508023	0.87	50258	0.24
4.	2011-12	2968711	1.39	3465608	1.38	277249	5.52
5.	2012-13	2464458	0.83	2882606	0.83	230608	0.83
6.	2013-14	3952373	1.61	4619308	1.61	312505	1.36

Source: Annual report of the Manamadurai Pottery Cooperative Society 2013-2014

From the above table, it is inferred that the society is running successfully and showing profit. It was from Rs.3.09 lakhs to Rs. 3.12 lakhs. The production and sales have increased tremendously. But the growth rate is fluctuating because of the change of leadership during that period in the society.

### **Features of the Society and the Artisans:**

**Management:** Society has grown because of its professional management from the period 2008- 2014, there was an election in the society and board of directors was elected through democratic process. Members participated effectively in the each and every activities of society. Members are well organized who had effective control over the society through their work and transforming the unorganized artisans into organized artisans. The society advised the members and the artisans to complete the work in time and produce products aesthetically so as to take care of the welfare of the artisans.

**Marketing:** Main function of the society is marketing. The society organized all the artisans and made them as member of the society. The artisans produce crafts according to the need and specification of the society. Then the society will procure all the finished products from



the artisans and fix a price for each product. All the members are pottery artisans they know the cost of the product and cost based pricing strategy is adopted. The procured finished products are stored in the warehouse owned by the society. The crafts are sold to trader who placed the order or to the customer who visit the society. Transportation is arranged by the society if it is requested by the customer.

**Innovation:** The society has brought tremendous changes in the pottery industry in Manamadurai benefitting artisans. Before 2008, the artisans were producing only house utilities, and flower pots. But now they have diversified their crafts. Red clay hereditary pots, water pots, garden pots, firewood ovens, saw dust ovens, maga chools, nursery pots, dhoop stand, and decorative red clay pottery ware like pen stand, wall hangings, deities, statues, are produced in the society. The society has two advanced clamp kilns where all the potters can use. They complete the work within given period of time.

**Technology Adoption:** One of the important step taken by the members of the society is to adopt the technology. The society with the government support and also with the support of the donors, constructed a modern kilns and provided machines for producing pottery products. To some extent ICT was also used by displaying the products in the website and printed a neat brochure and sent to different traders.

**Financial Position:** The most important problem is finance for the members to buy raw material, and money for their livelihood. The society arranged loans to members through cooperative banks and the repayment by them is also regular. The society also got financial assistance from the government and manage the society well without financial problem at large.

**Problems of pottery industry and the artisans:**

Irrespective of all these advancements, the pottery industry face problems at every stage of their operation. The problems like buying of raw materials, production of craft, raising of finance and marketing of goods are still prevailing atleast to some extent.

The major problems which has been identified in this sector are

- Rising of adequate finance to the society and the members.
- Inadequate raw material, as there is a restriction by the Department of mines of the state government for taking clay from the Ponds/lakes.
- Following old production methodology and aversion towards new technology.
- Inappropriate technology and improper Infrastructure.
- Lack of training for new product innovation and change in the existing products
- Lack of Marketing Network.
- Increase in Competition.

There is a lack of training because artisans cannot spend much time on training. As these artisans earn very minimum level of income, younger generations are interested to take up this work instead move to medium and large scale industries for employment. There is little or no scope for expansion and growth due to dearth of labour.

Apart from the above, these artisans have to face several difficulties in marketing and distribution of their crafts. Most of the members or the society does not have a dependable marketing network. They find it difficult to sell their output at remunerative price due to higher cost of production and non-standardized quality of products. They cannot afford to spend much on new product innovation, advertising, sales promotion, market research, etc. They have to sell their products at throwaway prices due to weak bargaining power and immediate need for money. They also face stiff competition from machine made products. Serious problem of artisans are finance, rejection of consignment, inordinate delay in payment, etc.

### III FINDINGS & CONCLUSIONS

The respondent members opined that the tea cooperatives have groomed the members on better tea plantation method, application of fertilizers, pruning, skilled way of plucking tea leaves, packing etc. The tea cooperatives in turn has provided good tea nursery, trained them on skill improvement, made tea production at optimum cost and auctioning through its own TEASERVE auction centre. Further, blended teas were also produced and marketed innovatively. Now the tea cooperatives are propagating on organic tea growing to the small tea growers.

The cooperative agricultural marketing society provided skill development on methods of turmeric growing for high yielding, more importantly on processing of the turmeric after harvesting for better quality and long shelf life. The society in turn has started producing innovative quality turmeric value based products and were tested and launched in a highly competitive market. The core strength of the product is it's pure, cheaper than rival products, quality without hazardous materials, different varieties made available with various quantities.

The pottery cooperatives provided skill training on production techniques by using modern tools and machinery, more innovative products that are in demand in the market by the customers. The society provided number of new pottery products sourced from different parts of the country and provided training on manufacturing. The society prepared pamphlets, established a market yard and gave wide publicity for the pottery products.

All these innovative practices of the cooperatives on better farming and manufacturing skills resulted in more and regular income to the members that made lots of change in their social status and more importantly the strategy for the cooperatives for its survival and sustenance.

In all these three cooperatives, the respondent members opined that poverty could be reduced because of the cooperatives to which they belong. The entrepreneurial activities initiated by these cooperatives in the form of skill development have really helped the members to adopt modern and appropriate method for improving activities carried out over a period of time. Either knowingly or unknowingly, the members learned these skills and adopted in their respective fields. The effort helped the members to develop economically, socially and technically. It was observed that the lifestyle, children's brought up, health conscious etc of the members of these cooperatives are different from the non-members. All these could be attributed to the innovative entrepreneurial activity taken-up by the cooperatives for upliftment of the members and sustainability in the long run to compete with the market players. Such types of social innovative cooperatives are the need of the hour and replicated, further, inculcated in the minds of the people in general and members in particular. If it is carried out in true spirit, the Sustainable Development Goals (SDG) and the ICA's Blue print on the Cooperative Decade will be achieved.

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