

# Possibilities and Difficulties of Cooperative Engagement Markets and Logistics



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# Background

- **With more than 8 lakh cooperatives, Agriculture Cooperatives are the pillar of our economy. Being farmer-based organizations, their role has diverse functions with focus on bulk buying power, fairer prices, access to credit, knowledge sharing, risk mitigation, market linkages and engagement, govt support, legal protection, etc.**
- **Types:** PACS, CCB, StCB, SCARDB, Primary Coop Agri Dev Banks, LAMPS and Farmers Service Societies, IFFCO, KRIBHCO, NAFED, AMUL, etc.
- **Farmers associated with Agriculture Coops face many problems as far as their market engagement is concerned. These are:**
  - ❖ **Lack of post-harvesting facilities**
  - ❖ **Dependence on middlemen after crop production**
  - ❖ **Distress sales of their produce**
  - ❖ **No MSP price for majority of products**
  - ❖ **Lack of marketing centres near their farms**
  - ❖ **No warehousing or cold storage facilities**
  - ❖ **Lack of mechanized facilities for harvesting operations**
  - ❖ **Lack of transportation facilities for movement of their farm produce, etc.**
- **ACs not able to explore markets because of lack of diversification of their activities.**

# INITIATIVES OF MINISTRY OF COOPERATION

## STRENGTHENING OF PACS

With an objective to double farmers' income in the wake of slogan '**Sakkar Se Samridhi**' (Prosperity through Cooperation) given by Hon'ble PM, Ministry of Cooperation has taken many steps to strengthen PACS so that they have wider markets, and their income generation increases which will be beneficial for the farmers.

### Model bye-laws for PACS

- These will help PACS to diversify their business activities by undertaking more than 25 business activities, including dairy, fishery, floriculture, fertilizers, seeds, LPG/CNG Petrol distributorship, short-term and long-term credit, custom hiring centres, Common Service Centres, etc. All these will help in providing market linkages.
- Strengthening PACS through Computerization
- Establishment of Multipurpose PACS/Dairy/Fishery coops in uncovered panchayats and villages
- World's largest grain storage program at PACS level
- Eligibility of PACS for LPG Dealership
- Conversion of Bulk Consumer Petrol Pumps By PACS into Retail Outlets
- PACS as PMKSKs

## THREE NEW MULTI-STATE COOPS FOR EXPORTS, CERTIFIED SEEDS & ORGANIC PRODUCTS

- **Multi-State Coops Society for Exports** – will export the surplus available in coops by accessing wider markets and get best prices. Promote exports through procurement, storage, processing, marketing, branding, packaging, certification, research and development, trading of all types of goods and services. Initial capital from IFFCO, KRIBHCO, NAFED, GCMMF and NCDC. Connect Ministries and embassies to boost market linkages and supply chains of export of farm produce.
- **Multi-State Coop. Society for Certifies Seeds:** It will act as an apex organization for production, branding, labelling, packaging, storage, marketing and distribution of quality seeds. Small and marginal farmers will get benefits of production, distribution, marketing of quality seeds. Small and marginal farmers will get benefits of production, distribution, marketing of quality seeds and preservation of natural seeds.
- **Multi-State Coop. Society for Organic Farming:** It will provide support for aggregation, certification, testing, procurement, storage, processing, branding, labeling, packaging, logistics facilities, marketing of organic products, and arranging financial assistance to organic farmers through member coops. It will manage entire supply chain of agriculture products produced by coops and other entities through member coops, and utilize services of National Coop Export Society
- All these three societies with the help of PACS will contribute to the global supply chain of cooperatives in a big way.

# NCUI—A CASE STUDY

## NCUI HAAT

- ❑ Little known coops/SHGs do not have access to markets at national level because of lack of resources, branding support, logistics issues and support from other coops.
- ❑ After covid, due to lockdown, the sale of products of little known coops/SHGs was badly affected. NCUI HAAT was conceptualized as an innovative solution to provide a marketing platform for products of these coops so that the producers get a fair price of their produce. Launched in August 2021 at NCUI premises, this has become a success story in coop marketing innovation for empowering those associated with these coops by improving their economic condition. The products of NCUI Haat ranging from handicrafts, jewellery, food items, organic products, etc. are in good demand as seen from the rising sales of NCUI Haat over the years.

# NCUI Haat App and Training

- ❖ Hon'ble PM of India Narendra Modi launched an e-commerce app NCUI Haat App for the cooperatives during 17<sup>th</sup> Indian Cooperative Congress held on 1-2<sup>nd</sup> July, 2023. Google Cloub has hosted this e-commerce application for its users. Devoid of geographical limitations, this app is helping the cooperatives to sell its products without the help of intermediaries. This digital initiative has opened the market doors for many of the small cooperatives so that they can compete with the big players.
- ❖ Aong with 4 sectoral training modules, NCUI has developed an Important Training Module on Business Promotion & Planning & Value Chain Development, which includes important components on marketing techniques, market expansion strategies, sustainable development, etc. All these are available on LMS Portal first of its kind online portal developed by NCUI: <https://ncuicoop.education>

# Possibilities

- **Logistics and Technology Issues:** Logistics sector is highly unorganized, fragmented and costs are high. The cooperative marketing engagement faces lot of problems. However, in the wake of steps taken to strengthen to strengthen PACS, and the formation of three new multi-state coops, the possibilities of strengthening logistic sector have become bright, more importantly as export of agri-produce is given much emphasis. Clear-cut logistics plans should be formulated in this regard. There is a need for resolving logistics issues in North-East as cooperatives have good potential for agro-export. These initiatives will not be well implemented if strengthening logistics is neglected. Drone technology needs to be adopted. To tackle logistics challenges, IFFCO will provide Agriculture Drone Spray services in nine states, and assist farmers in spraying of IFFCO urea.

- **Automated logistics with predictive analytics needs to be adopted to make warehousing and inventory management streamlined. E-commerce in cooperatives has a lot of potentialities in India for engagement of markets for which sound logistics is required. E-NAM platform for online trading of agricultural commodities has a lot of potentialities for cooperatives. NAFED and NCCF have been selling onion on this platform. Coop innovations can also bring down logistics costs. IFFCO is exporting nano liquid urea to more than 25 countries including USA. A 500 ml bottle of nano urea will replace 1 bag of conventional urea and will be more effective, It will bring down costs of logistics and warehousing. Similar innovations can be attempted by other coops.**



- **Setting up of Cooperative Economic Zones and cluster-based approach:** Like Special Economic Zones, setting up Cooperative Economic Zones has been advocated for enhancing the marketing and export potentiality of products of agric coops. With shared resources of cooperatives existing in these zones, this will improve logistics and expand market access. In the wake of government setting up godowns at PACS level, it is important to adopt a cluster-based approach so that few PACs in a cluster can be covered which will be product-specific, promoting economies of scale and bringing down operational costs.

- **Collaborative Marketing of Government Initiatives:** Cooperatives can join hands with the Government to market their schemes, initiatives, and products. Example: Government has initiated an initiative to supply FCI rice and wheat flour (atta) under the 'Bharat' brand through three agencies: the National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), the National Cooperative Consumers' Federation of India Ltd. (NCCF), and Kendriya Bhandar. Similarly, NAFED is developing a new brand 'NAFED food', and is also involved in undertaking development, branding, packaging and marketing of food products produced by micro-food enterprises under PMFMF scheme. It is helping form FPOs to develop, promote and market millets based commodities across the country.
- **Value-Added Services:** Cooperatives should give priority to vital operations like packaging, branding, and quality assurance to strengthen marketing engagement of agriculture cooperatives. Use of Geographical indicators (G tags) can be used for enhancing value and recognition of agricultural products. Cooperative brand marketing i.e. marketing through cooperative branding; can be a unique field in the marketing, where cooperatives can invest in marketing efforts that highlight the unique selling propositions of the products, thereby attracting more customers and enhancing market penetration. This is a totally neglected field.

- **Collaborative Marketing and Distribution Networks:** Cooperatives can form alliances or partnerships with other cooperative societies or organizations in India and other countries to establish joint marketing, trade and distribution networks. By pooling resources and expertise, cooperatives can enhance their market reach and improve logistics efficiency. This can be of various types based on the activities undertaken by the cooperatives. **Example:** Trade, Procurement and Marketing, Production to Marketing etc. AMUL has tied up with US-based Michigan Milk Producers Union, through which fresh AMUL brands like AMUL Shakti, AMUL Taaza, etc will be available in US.

# DIFFICULTIES

- **Lack of Awareness:** Cooperatives lack the knowledge of economies of scale they can enjoy if they go for market and logistics integration. They also lack the knowledge about how to expand/integrate or start a marketing cooperative. They too don't have knowledge on Logistics Infrastructure and other regulatory compliances. Training, skill and capacity-building programs should be organized by the training organizations on these vital aspects.
- **Competition:** The market cooperatives face stiff competition from private companies, corporate and big market players and logistics giants.
- **Limited Resources:** Many cooperatives operate with limited financial resources and may struggle to invest in the infrastructure, technology, and expertise required for effective market and logistics operations. A dedicated fund, with support from cooperative organizations, based on the principle of 'Cooperation Among Cooperatives' should be created.



## Social Media handle of National Cooperative Union of India (NCUI)

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# Social Media handle of Ministry of Cooperation



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Thank you!