

7.1 Introduction**7.2 Meaning and definition****7.3 Features****7.4 Functions****7.5 Processing co-operative Business****7.6 Summary****7.7 Key terms****7.8 Exercise****7.1 Introduction :**

India being an agriculture-based country, its economic growth largely depends upon its growth in the agriculture sector. In view of this, it is quite important that reasonable price and market place is made available to sell the agricultural produce. If the agricultural produce is sold in its original form, they were not getting price as per their expectation and so farmers were not getting economic gain. On the other hand, the brokers, traders and agents used to purchase the produce and after doing some process they used to sell the goods at higher price thereby making substantial gains. It was observed that the farmers and the consumers both were exploited and cheated. To change this situation Processing co-operative society came into existence.

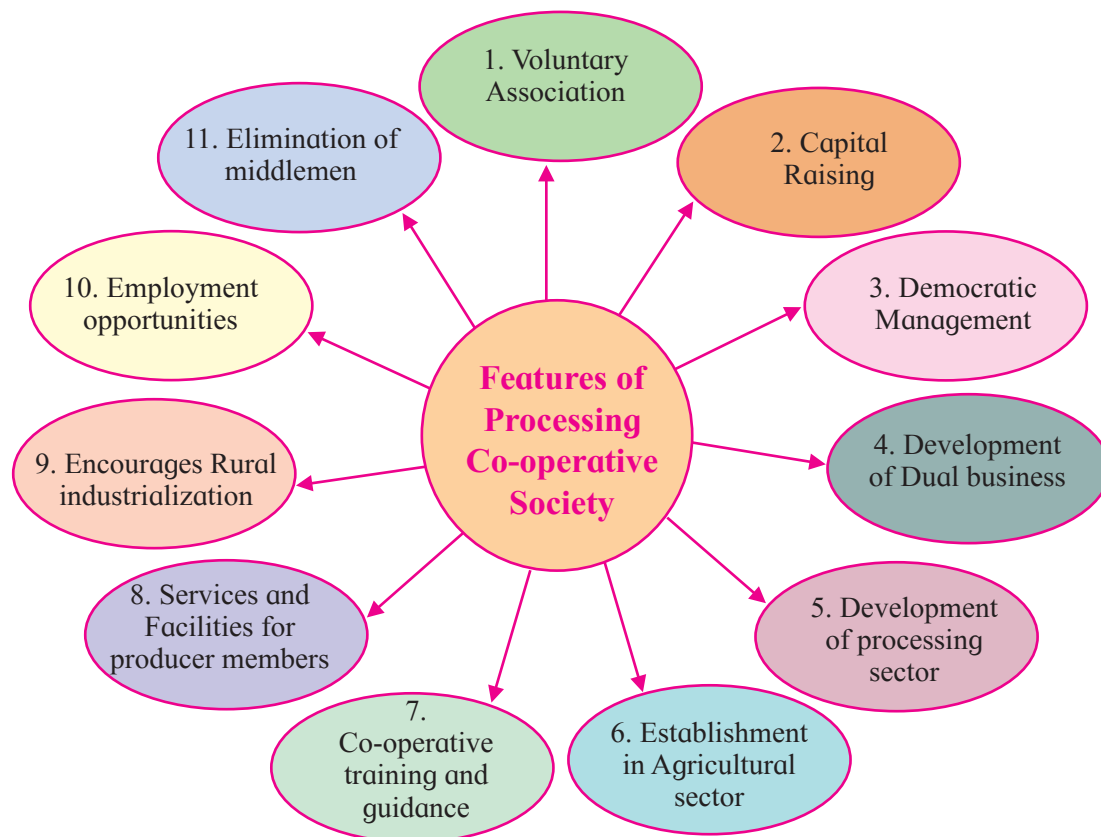
7.2 Meaning and Definition of Processing co-operative society :**□ Meaning:**

All the goods produced in the farm cannot be directly consumed by the consumer. Some agriculture produce requires processing before it reaches the consumer. For e.g. making jaggery and sugar from sugarcane, cotton bales from raw cotton, cloth from cotton, produce edible oil out of oil seeds, extraction of pulp from fruits, extraction of oil from coconut, tea, coffee etc., are processed and is made available to the consumers by the Processing co-operative society.

□ Definitions:

- 1) The societies which are formed “To provide satisfaction to consumers on co-operative principle, to process the food grains and commercial crops so that they are made available to the consumers, such societies are known as processing co-operative society”.
- 2) “The societies whose main objective is processing of goods are known as Processing Co-operative Society”. - Maharashtra state co-operative societies Act 1960.

7.3 Features of Processing Co-operative society :



- 1. Voluntary Association :** Processing Co-operative society is a society which is formed by the members coming together voluntarily. The decision to accept or reject the membership of this society is taken by the farmers themselves. There is no compulsion in this regard.
- 2. Capital Raising :** The capital for processing co-operative societies is raised by issuing shares to the farmers and agricultural produce in the area. State Government also contributes in raising the capital. On State Government's guarantee Co-operative bank's provides long term loan to the society.
- 3. Democratic Management :** The management of the Processing co-operative societies is conducted on democratic principles. The societies elect the Board of Directors or the Managing Committee for managing the day-to-day activities of the society. All decisions regarding working of co-operative societies are taken in the Annual General Meeting by its members.
- 4. Development of Dual business :** Processing co-operative societies encourage its members to do agricultural related business. The financial assistance required for this is also provided by the societies. Therefore, in the working area of Processing co-operative society agricultural related businesses are also developed such as milk production, cultivation of vegetables, poultry farming etc. This has also led to generation of

employment opportunities in the rural areas which in turn helps the farmers for increase their income and raises their standard of living.

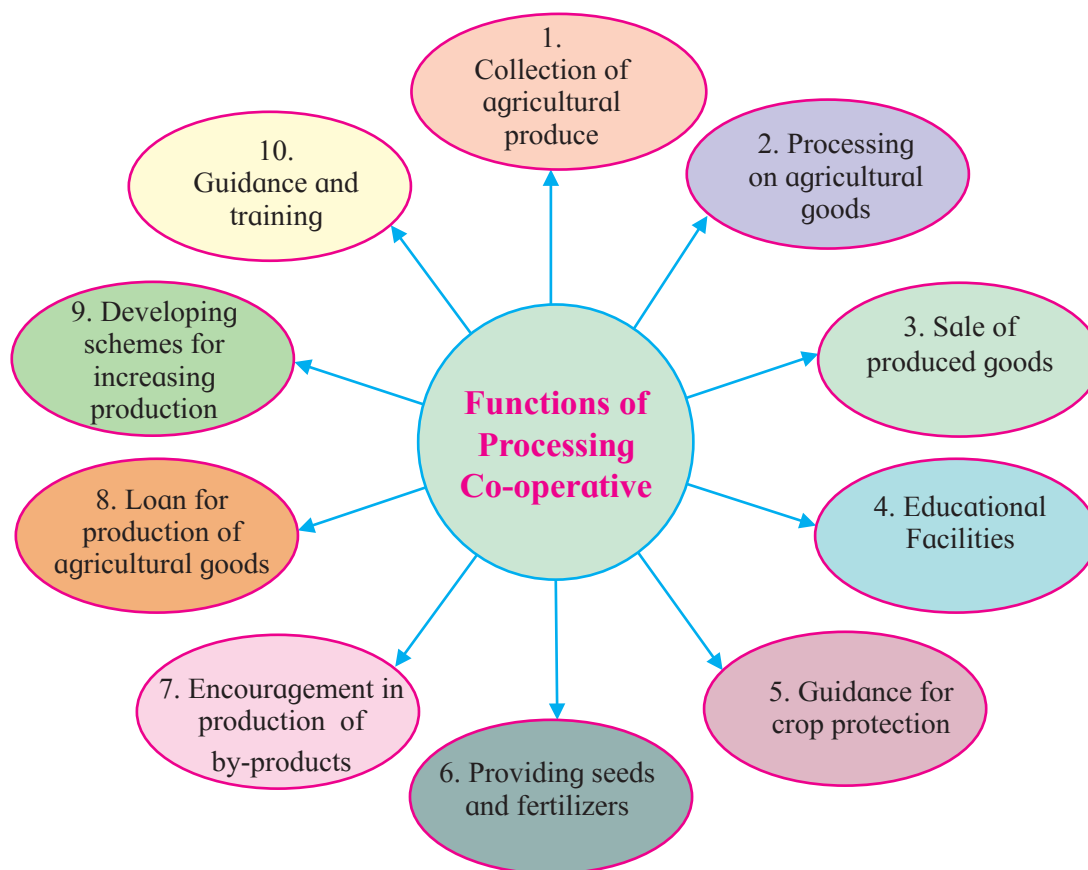
5. **Development of Processing sector :** Transportation facilities are provided to the farmers for transporting their goods from the place of production to the processing units by the co-operative society. To facilitate efficient transportation, the processing co-operative societies provide concrete roads, electricity, water, post offices, schools, hospitals such ancillary services are also developed in that area. So, processing sector is also ultimately developed.
6. **Establishment in Agricultural sector :** After the production of agricultural produce, the main tasks of transporting and storing the produce also need to be taken care of by the societies. Therefore, processing units are generally established in the agriculture sector. For processing agricultural goods collection of agricultural products from nearby areas is much easier. The time and transportation cost are also saved. For e.g. sugar factories are established in sugarcane growing areas.
7. **Co-operative Training and Guidance :** Processing Co-operative societies strive for overall welfare of the farmer community. For this, the societies provide its members information, knowledge, trainings, and guidance relating to government policies, business development, providing suitable market for selling their product, adoption of advance technology, etc. and such co-operative training and guidance is helpful to the member.
8. **Services and Facilities for Producer members :** The capital required for formation of a co-operative processing society is collected from the producer members. The perishable goods are processed due to which the value of the product is enhanced. For sell of agriculture product link between the producer and the market place is created. The farmers growing the agricultural produce are provided proper guidance and loan against security of the agricultural produce by the society. This encourages development of agricultural sector.
9. **Encourages Rural Industrialization :** In rural areas due to the formation of co-operative sugar factories, co-operative spinning mills, oil processing industries etc. there is encouragement for rural industrialization. The Government has provided encouragement to the processing industries who are working on the principles of co-operation. The rural industrialization helps to absorb the excess labour force, which helps to reduce the intensity of rural poverty and unemployment.
10. **Employment Opportunities :** After processing the agricultural goods various ancillary services are required. For e.g. standardization, grading, storage of goods, transportation, selling arrangements etc. for these ancillary services manpower on a large scale is required which results in creating new employment opportunities for the unemployed.
11. **Elimination of Middlemen :** Processing co-operative societies purchase the raw material directly from the producer farmers and the agricultural process goods are sold directly in the market. Therefore, in this trade there is no involvement of middlemen. Due to elimination of middlemen, the exploitation and cheating of farmers is stopped. Consumers get quality goods at reasonable price.



Activity :-

1. List the agricultural goods which requires processing in your area.

7.4 Functions of Processing Co-operative society :



- 1. Collection of agricultural produce :** Processing co-operative societies process agricultural produce. The agricultural goods are produced by the farmer members. The function of collection, assembling and transportation of farm goods upto processing centers is carried out by processing co-operative society.
- 2. Processing on agricultural goods :** The main function of a processing co-operative society is to carry out processing on agricultural goods and to produce quality goods. This enhances the quality of the produce which results in getting better price for their product and consumers get quality goods at reasonable price.
- 3. Sale of produced goods :** To sale processed goods the processing co-operative societies needs to conduct following function like standardization, grading, storage and

transportation and sale them in the open market due to this, members are relieved from the problem of selling of their product and they get reasonable price for their product.

4. **Educational facilities :** Processing co-operative society establish schools, colleges, professional education, and technical education institutions in their areas due to which professional and technical educational facilities are made available to the citizens of that area. Co-operative society gets skilled, technical and qualified manpower required for the processing industries are available at local level. Due to which the citizens of that area also get employment opportunities which helps in social development of that area.
5. **Guidance for crop protection :** The function of processing co-operative society depends upon the agricultural produce. The necessary guidance relating to protection of crop from damage and ensure that the crop is not affected by insects, the guidance of proper cultivation of crops is also provided by the society to its members.
6. **Providing seeds and fertilizers :** To enhance the quality and use of the agricultural produce the Processing co-operative society also supplies superior quality of seeds, fertilizers to the members at low price.
7. **Encouragement in production of By-products :** Due to Processing co-operative society there is encouragement in production of by-products. For e.g. edible oil from processing cotton seeds, alcohol production out of sugar cane, paper from sugarcane waste.
8. **Loan for production of agricultural produce :** For production of agricultural goods, the problem of finance is solved through the processing co-operative society. As the loan is recovered from the pledged of agricultural produce or from the sale of agricultural produce so the producers are not worried about repayment of loan. They need not depend upon moneylenders for loan, such important function is carried out by processing co-operative societies.
9. **Developing schemes for increasing production :** The main function of processing co-operative society is to develop various schemes for increase agricultural productivity. The processing co-operative society depends upon the availability of raw material i.e. agricultural produce. For increasing agricultural productivity and availability of raw material on large scale various schemes are undertaken and implemented.
10. **Guidance and Training :** The function of providing guidance and training for protection of agricultural produce from natural calamities as well as putting in efforts for increase in crop production is undertaken by processing co-operative society. Due to this, the farmer members become aware of modern technology. To survive under stiff

market competition, getting reasonable prices for agricultural produce, supplying quality goods at reasonable prices to customers, for such efforts are taken by processing co-operative society. As the members receives valuable guidance, it leads to social and economic development of the members.

7.5 Processing co-operative businesses :

The societies which undertake the activity of converting of raw agricultural produce into finished goods and works on co-operative principles are known as Processing co-operative societies. For e.g. manufacturing sugar from sugar cane, making spun yarn and cotton bundles out of cotton, producing edible oil from oil seeds etc. If the agricultural goods are processed and then sold, it yields more profit for the farmers and for this reason, formation of processing co-operative societies is very important.

In India in the year 1917, the first cotton ginning society was formed in the State of Mysore. In the year 1921, similar society was formed in the State of Gujarat. In India, in the year 1951, first cotton mill was set up. Thereafter, various processing co-operative societies were established.

A) Co-operative sugar factories : In the processing co-operative, co-operative sugar factory is one of the important type in the processing co-operative industries. The sugar factories in Maharashtra have helped for development of rural areas to a large extent. The first co-operative sugar factory in India was established in the year 1933 by the efforts of Rao Bahaddur Late. C.V.S. Narasimha Raju in “Etikoppaka”, in Andhra Pradesh. At that time, it had a filtration capacity of 75 tons sugarcane per day. Even today, this factory is in a good working condition. In Maharashtra, the first co-operative sugar factory was formed in Pravaranagar located in Ahmednagar district in the year 1951 due to efforts of Padmashri Dr. Vitthal Rao Vikhe Patil. This factory was built on the lines of modern technology. Out of 316 sugar factories in India, 122 co-operative sugar factories are located in Maharashtra. The members/ shareholders of these co-operative sugar factories are sugarcane growing farmers of those areas where the sugar factories are located. Similarly, primary credit co-operative societies are also given membership. The State Government also contributes in the capital. In this industry, sugar is produced by processing sugarcane. Along with sugar production, sugar factories have also started manufacturing by-products. For e.g. scum project, production of gas alcohol, production of electricity, production of ethanol fuel, paper particle board etc. In those places where the facility to produce sugar is not available, there sugarcane is processed to produce jaggery. Jaggery is also in good demand. Hence, jaggery manufacturing business can be undertaken on co-operative basis. The main aim of sugar co-operative factories is to produce sugar from sugarcane on the principles of co-operation and bring in improvement in the financial conditions of the farmers by creating workshops for manufacturing of by-products. The management of sugar factories in

the co-operative sector is carried out by the Board of Directors in democratic manner. The Government also provides capital to the sugar factories in form of share capital. Industrial Economic Development Corporation provides long term loan up to 60% of the expenditure. Central and state government undertakes 50-50% guarantee for loan. Majority of the sugar factories are in Maharashtra.



Co-operative Sugar Factory



Jaggery Production



Activity :-

- 2) Visit any co-operative sugar factory and collect information about its working.

B) Co-operative Spinning Mills:



Co-operative Spinning Mill

The co-operative society which processes cotton, a cash crop, for producing spun yarn required for manufacturing clothes are known as cooperative spinning mills. Co-operative spinning mills ranks second in the co-operative processing societies. Under co-operative movement, their role is equally important as that of sugar factories. In India, the first Co-operative spinning mill was started in the year 1951. During the planning period, the spinning mills increased in large numbers. The Spinning mills were largely established in cotton growing states such as Maharashtra, Gujarat, Tamil Nadu. Spinning of raw cotton grown by the farmers, tied up in to bales, convert bales into yarn, and sale this yarn to textile mills, etc. is the main function of co-operative spinning mills. Apart from this, extraction of edible oil from cottonseed oil-cake such activities are also conducted under the co-operative sector. Clothes manufactured out of cotton yarn are also exported on a large scale.



Co-operative Spinning Mill

India with all its diversity ranks higher position for manufacturing different types of clothes like clothes bearing craftsmanship skills, painting, velvet and printed clothes are manufactured in India since ancient times. The cotton required for this is grown in the farms. More emphasis is given on establishing cotton processing units to ensure that the farmers producing cotton will get reasonable price. After Independence, Government adopted the policy of providing encouragement to handloom and power loom sectors for production of clothes. Due to this, large numbers of weavers got the source of their livelihood. In the year 1972, Government of Maharashtra launched “Cotton Monopoly Purchase Scheme” with regard to purchase of cotton so as to ensure farmers to get a fair price for their produce which also leads to setting up of factories meant for extraction of oil from cotton oil-cakes. Clothes are exported to overseas countries from India. India ranks supreme in textile industry.

In India, the first Co-operative spinning mill was set up in Andhra Pradesh by weavers. The spinning mills formed by cotton weavers as well as for the members of Ginning-Pressing co-operative societies, weavers came together to form spinning mills so that spun yarn could be produced and provided to them. In Maharashtra, in the last 50 years, co-operative spinning mills have made remarkable progress. By the end of March 2018, there are 116 spinning mills and for the benefit of cotton producing farmers “Maharashtra State Co-operative Cotton Growers Marketing Federation Ltd.” is an apex organization which was established in Nagpur.

C) Dairy Co-operative Society : Dairy Co-operative Society are set up in rural areas. In the milk industry, due to cows, buffalos, goats, sheep's etc. milk is produced. From milk various products like pedha, cheese, ghee, butter, yogurt, shrikhand, etc. is prepared. Apart from this, fertilizers are prepared out of cow dung and cattle dung. Some dairy co-operative also produces milk powder from milk. In the Kheda district of Gujarat, on co-operative basis first "District Co-operative Milk Producers Union" was formed. In the country, on the state level, 22 milk unions were formed with "Amul" being one such union and with the help of its Chief Mr. Varghese Kurien "National Dairy Development Board" (NDDB) was formed in the year 1965. Through this board Milk Flood Operation (White Revolution) program was started. In Maharashtra, Milk Flood Operation achieved great success. Milk production is joint business along with farming. Hence, it achieved good success. Collection of milk, preservation in cold storage and sale of milk is also undertaken. The price of milk is fixed according to quality of the milk. The profits are divided between its members as per the value of the milk supplied by them. By the end of March 2018 in Maharashtra, there were 12690 primary milk supplying societies and 63 central milk supplying federation. In Maharashtra, on a state level, Maharashtra State Co-operative Milk Federation (Mahanand Dairy) is located in Mumbai. It is working as a vital link between the Government and Milk Co-operative Societies.



Dairy Co-operative Society

In addition to green revolution in the agriculture sector India has also created white revolution in milk business. In Maharashtra, around 85% of the milk collection is done through the co-operative societies. In view to increase production in milk for processing “Operation Flood” was implemented by the Government. After processing the milk, the processed products are sold by Dairy Development Co-operative Societies. It is expected that the members should supply good quality of milk to dairy co-operative society.

This societies also provide financial assistance for purchase of cattle. The fodder and cotton seed cake required is also supplied to them at reasonable price. The Maharashtra Government has announced policy of “Cattle Breeding” program along with white revolution.

Milk business is a joint business along with farming. It has generated employment in the rural areas. This business is related with agriculture.

7.6 Summary

- ❑ The function of processing agricultural produce and making it available for consumers, finding suitable market for processed goods and better price for the agricultural produce is carried out by Processing co-operative societies.

❑ **Definition :**

“The society whose main objective is to process of agricultural goods are known as Processing co-operative societies”.

❑ **Features of Processing Co-operative Societies :**

- 1) Voluntary organization.
- 2) Capital Raising
- 3) Democratic Management
- 4) Development of Dual business
- 5) Development of Processing sector
- 6) Establishment in Agricultural sector
- 7) Co-operative training and guidance
- 8) Services and facilities for producer member
- 9) Encourages rural industrialization
- 10) Employment opportunities
- 11) Elimination of middlemen

❑ **Functions of Processing Co-operative society :**

- 1) Collection of agricultural produce
- 2) Processing on agricultural produce
- 3) Sale of produced goods
- 4) Educational facilities
- 5) Guidance for crop protection.
- 6) Providing seeds and fertilizers
- 7) Encouragement in production of By-products
- 8) Loan for production of agricultural produce
- 9) Developing schemes for increasing production
- 10) Guidance and training

❑ **Processing Co-operative businesses**

- a) Co-operative sugar factories
- b) Co-operative spinning mills
- c) Dairy Co-operative society

The above societies play an important role in rural development, providing employment opportunities and social development.

7.7 Key Terms

1. **Cotton Monopoly Purchase scheme :** The scheme launched by the Maharashtra state to get fair prices to cotton producers.
2. **By-products :** To produce the by-products from the remaining waste of agricultural produce.
3. **Joint business :** Other businesses along with agriculture.
4. **Elimination of middlemen :** No place for agents, dealers, brokers in buying and selling process.
5. **Milk flood scheme :** The scheme started by the Maharashtra government to increase milk production and processing of the milk.

7.8 Exercise

Q.1 A) Select the proper option from the options given below and rewrite the sentence:

1. First Sugar co-operative factory in Maharashtra is started in _____.
(a) Pravaranagar (b) Pune (c) Satara
2. The Maharashtra state Dairy co-operative federation is in _____.
(a) Pune (b) Mumbai (c) Kolhapur
3. The main function of processing co-operative society is _____.
(a) Production (b) Marketing (c) Processing
4. The value of basic production is _____ due to Processing.
(a) Reduces (b) Increases (c) Remains fixed
5. The first spinning mill in India is established in _____ year.
(a) 1949 (b) 1950 (c) 1951

B) Match the following :

‘A’ Group	‘B’ Group
a) First Cotton ginning mills	1) Pravaranagar
b) First Sugar Co-operative Factory in India	2) Green Revolution
c) Dairy Co-operative society	3) 1917
d) Mahanand Dairy	4) Etikopakka
e) Processing Business	5) 1817
	6) Housing Co-operative Society
	7) Milk Flood scheme
	8) Kolhapur
	9) Producing sugar from sugarcane
	10) Mumbai

C) Write a word or a phrase or a term which can substitute each one of the following statement:

1. Agricultural produce require for production of sugar.
2. Facility requires to maintain the quality of milk.
3. Scheme started by government of Maharashtra to secure guaranteed price to cotton producers.
4. Revolution in milk processing business.

D) State whether the following statements are true or false:

1. Due to processing co-operative society employment opportunities are generated.
2. There is no need of processing on cotton.
3. After processing the basic value of produce gets reduce.
4. Credit recovery can be possible by linking processing with credit supply.
5. The processing co-operative societies runs its activities as per the system of dictatorship.

E) Complete the following sentences:

1. The working of Processing co-operative society is mainly dependent on _____.
2. Dairy co-operative societies are mainly established in _____ areas.
3. In India first spinning mill is established in _____.
4. The Co-operative spinning mill ranks _____ in Processing co-operative societies.
5. The raw material required for spinning co-operative society is _____.

F) Select the correct option:

1. First Sugar co-operative Factory in Maharashtra	<input type="text"/>
2. <input type="text"/>	Milk revolution
3. Agricultural related business	<input type="text"/>
4. <input type="text"/>	Processing co-operative society

Pravaranagar, Dairy business, White revolution, Co-operative Spinning Mill

G) Answer in one sentence:

1. What is Processing co-operative society?
2. What is collective purchase cotton scheme?
3. What do you mean By-product?
4. What is the raw material required for sugar production?

H) Correct the underlined word and rewrite the following sentences:

1. The working of Processing co-operative society is on Dictatorship.
2. Co-operative spinning mills does processing of Sugarcane.
3. The main function of processing co-operative society is processing of Finished Goods.
4. In Maharashtra first co-operative sugar factory was started in Pune.

I) Find the odd one:

- | | | | |
|----------------------|-----------------|------------------|-----------------|
| 1. a) Oilseeds | b) Milk | c) Sugar | d) Cotton |
| 2. a) Spinning mills | b) Cold storage | c) Sugar factory | d) Oil mills |
| 3. a) Scum | b) alcohol | c) Ethanol | d) Cotton seeds |

J) Arrange in proper order:

- | | | | |
|--------------|--------------------|----------|-----------------------|
| 1) a) Cotton | b) Bales of cotton | c) Cloth | d) Spinning of cotton |
|--------------|--------------------|----------|-----------------------|

Q.2. Explain the following key terms:

1. Milk flood scheme.
2. By-product.
3. Joint business.
4. Cotton monopoly purchase scheme.

Q.3. Application based/ Self-opinion question:

1. Due to processing co-operative there is increase in employment opportunities.
2. Processing co-operative society encourages rural development.

Q.4. Distinguish between:

1. Processing Co-operative societies and Service Co-operative societies
2. Processing Co-operative societies and Credit co-operative societies.

Q.5 Write short notes:

1. Co-operative sugar factories
2. Co-operative spinning mills
3. Dairy co-operative societies
4. Processing co-operative societies

Q.6. Give Reasons:

1. Due to Co-operative sugar factory there is encouragement to rural development.
2. Due to Processing co-operative societies there is increase in rural industrialisation.
3. Processing on agricultural produce results in better prices.
4. Processing co-operative societies are located in the area of production.

Q.7. Answer in Short:

1. Explain features of Processing co-operative society
2. Explain the functions of Processing co-operative society.

Q.8. Long answers:

1. Write the definition of Processing co-operative society and explain its features.
2. Explain the functions of Processing co-operative society.

