© 2016 *RELS*
http://rels.comxa.com
rel_sci@yahoo.com

**ISSN:** 0974-4908
*Res. Environ. Life Sci.*
**9(4)** 434-436 (2016)

# Performance of Karnataka Co-operative Oilseed Growers Federation Limited (KOF), Raichur Regional Union (RRU), Karnataka, India

**R. S. Bhawar[1], Suresh S. Patil*[2], Parameswarnaik. J[3] and B. S. Reddy[2]**

[1]Dairy Economics Statistics and management (DES&M) Division, National Dairy Research Institute (NDRI), Karnal-132 001, India
[2]Department of Agricultural Economics, University of Agricultural Sciences, Raichur-584 104, India
[3]Extension Division, National Dairy Research Institute (NDRI), Karnal-132 001, India
***e-mail:** rsiddubhawar@gmail.com

(Received: July 08, 2015; Revised received: February 11, 2016; Accepted: February 15, 2016)

**Abstract:** Performance of society can be judged by examining the trend in growth rate of physical and financial parameters of society. The compound annual growth rate (CAG) in respect of the physical parameters like membership of society (2.21%), OGCS registered (-8.61%), OGCS defunct (-8.35%) and employees of federation (-9.15%) were highly significant. CAG of all financial parameters were better except average inventory (-4.54%). This proved that the federation has maintained inventory to the minimum level. Overall objective of the study was to evaluate the business performance, financial performance and growth of the KOF Ltd., for the year 2003 to 2013.

**Key words:** OGCS, RRU, CAG, Parameters, Growth rate, Oilseeds

## Introduction

Karnataka is one of the major oilseeds producing state in the country accounting for 8.92 per cent of the total area under oilseeds and 8.43 per cent of the national production in the year 2012-13. Important oilseeds grown in the state are groundnut, sunflower, safflower, sesame, castor, linseed, soyabean, mustard and niger (FAO, 2014). Total area under oilseeds in the state was 2515 thousand hectares during 2013-14. This accounts for 19.5 per cent of the total cropped area in the state during the same period. It was observed that 71 per cent of the total irrigated area was under food crops and only 14.16 per cent was under oilseeds. From this 19.17 per cent and 29.43 per cent of the total area respectively for groundnut and sunflower was irrigated. But in the case of soyabean 54 per cent of the area was under irrigation in the year mentioned above. For rapeseed-mustard the level of irrigation was only 10 per cent and in all other oilseed crops it was less than 2 per cent. This showed that oilseed crops in the state is mainly grown under rainfed condition.

By and large, the oilseed growers in India have been caught in the hard clutches of private traders, brokers, and money lenders (Mruthyunjaya *et al.,* 2005). Apart from the financial handicap which has placed growers in pathetic conditions, many time the vagaries of monsoon made their condition much more precarious in mercantile are not infrequent to discourage even the most enthusiastic growers (Karnool, *et al*., 2013). The common method by middlemen is to flood the market with oilseed during the harvest this would consequently make the price fall so low as to cause real despair to the otherwise aspiring growers (Debashis and Debajit, 2013). This is followed by another strategy of creating artificial scarcity that is by withholding the stock so as to manipulate the price mechanism to reach peak. Thus trader, hoarders and stockiest join hand to reap enormous profit (Anil Kumar *et al*., 2013). Whereas the growers supply their oilseeds, as a result of which suffer with heavy losses. In the entire marketing process, the consumers too at large have to undergo the agony of paying more prices for the oil than normally warranted. This is especially true of situations prevailing in the Indian marketing mechanism in general but with particular reference to oilseed production. The oilseed growers are supposed to lessen their problems of hardship through cooperatives marketing at the village and taluk level. Since marketing cooperative handle a variety farm produce (particularly cereals and pulses), no concerted effort were made especially with oilseeds growers (Adis*, et al.,* 2007). As a result, their problems have remained more or less unsolved, unanswered and called for greater attention.

The government of India approached Dr. Verghese Kurien in 1978 to formulate a project on the pattern of AMUL, Gujarat to do something for development of oilseed growers. Based on the recommendation of Dr. Verghese Kurien Government of India formulated a project called as "restructuring edible oils and oilseeds production and marketing". The main objective of the project was to make coordinated effort to encompass a variety of activities concerning oilseed industry such as production, processing and marketing of oilseeds and obtaining of vegetable oils through a co-operative organization. As a result of this Karnataka Co-operative

Oilseed Growers Federation Limited was registered as a co-operative society under the Karnataka Co-operative Society Act, 1959 on October 26, 1984. At the time of implementation of society, the structure was on a two tier basis. The primary oilseeds grower's co-operatives at village level were affiliated to the federation, the apex body at the state level.

In June 1990, two tier structures were changed to three tier structure. Consequent to this restructuring, three regional unions were formed at Hospet, Raichur and Hubli respectively. As a result of this, the village level oilseeds grower's co-operatives were affiliated to regional union and the regional union in turn affiliated to the state level federation. Raichur regional union was registered as a co-operative society under the act, 1959 on 17th June 1990. At this juncture, a study on performance of oilseed cooperatives will certainly provide strategies for a road map in achieving self-sufficiency in oilseed production through effective planning, efficient implementation (Venkattakumar and Padmayaiah 2010). Thus, there is a growing need for evaluation of performance oilseed cooperatives for implementing of suitable marketing strategy and successful policies for sustainable growth in oilseed economy of country (Hedge, 2012).

## Material and Methods

The study was conducted purposively in the selected organization *i.e.*, KOF, Karnataka (RRU) and Raichur Regional Union is one among the three regional unions operating in Karnataka. The union covers Raichur, Gulbarga, Bidar, Koppal, and Yadgir districts of NEK region. To study the performance of federation, three top Oilseed Growers Co-operative Society (OGCS) were selected from Raichur Regional Union (RRU) based on highest volume of business and these were Devadurga and Lingasaguru from Raichur district and Yelaburga from Koppal district

**Criteria in the selection of OGCS**

1) OGCS should have business transaction with KOF
2) OGCS should not be defunct

From the selected OGCS to know the General features of oilseed growers 45 members and 45 non member growers were selected by adopting random sampling method keeping in view, the distribution of members in each OGCS as equal. The data relating to the financial statements of the KOF in different years were collected from the financial statement of federation, the data covered a period of ten years from 2003-04 to 2012-13. In addition to this, other information like number of OGCS established, OGCS functioning and OGCS defunct were also obtained from the records maintained by the union. Data collected were analysed using techniques like, compound growth rate analysis, tabular analysis, averages, percentages and other economic tools to arrive at meaningful conclusion.

## Results and Discussion

**General features of sample respondents:** The average age of members was relatively higher when compared to non- members (table-1). The average family size of members was 9.37 and in non-members it was 7.40 members. The education level of the respondent families differed among the members and non-members. However, most of the respondents were of primary and secondary level of education. Only 11 per cent of members were illiterate and in case of non-members it was 18 per cent. The average land holdings was also higher in the members (7.85 ha) than that of in non-members (5.08 ha) and compared to non-members the area under irrigated condition was relatively higher in members.

**Table-1:** General characteristics of sample respondents

| Particulars | Member N=45 | Non-member N=45 |
|---|---|---|
| Average age (Years) | 46.86 | 42.77 |
| Family size (No.) | | |
| (i) Male | 3.97(42.35) | 3.30(44.59) |
| (ii) Female | 2.37(25.27) | 2.33(31.54) |
| (iii) Children | 3.03(32.38) | 1.77(23.87) |
| **Average** | **9.37(100.00)** | **7.40(100.00)** |
| Education level (No.) | | |
| (i) illiterate | 11(24.44) | 18(40.00) |
| (ii) Primary | 13(28.88) | 15(33.33) |
| (iii) Secondary | 19(42.22) | 8(17.77) |
| (iv) College | 2(4.44) | 4(8.88) |
| **Average** | **45(100.00)** | **45(100.00)** |
| Land holding (ha) | | |
| (i) Irrigated | 5.16(65.73) | 2.69(52.85) |
| (ii) Dry land | 2.69(34.27) | 2.39(47.15) |
| **Average** | **7.85(100.00)** | **5.08(100.00)** |

Note: Figures in the parenthesis indicate percentage to the total; No.: number; ha.: hectare

**Table-2:** Compound growth rate of selected physical parameters (2003-04 to 2012-13)

(Per cent per annum)

| Indicators | CAG |
|---|---|
| OGCS registered | -8.61** |
| OGCS functioning | -9.55 |
| OGCS defunct | -8.35** |
| Procurement centers | 0.53 |
| Members | 2.21** |
| Employees | -9.15* |

**Table-3:** Compound growth rate of selected financial parameters (2003-04 to 2012-13)

(Per cent per annum)

| Parameters | CAG |
|---|---|
| Total assets | 0.80 |
| Total liabilities | 1.93 |
| Owned fund | 19.10** |
| Working capital | 8.65** |
| Fixed assets | 3.03 |
| Total sales of oilseeds | 8.52** |
| Reserves and surplus | 8.73** |
| Share capital | 8.60** |
| Current assets | 1.28 |
| Current liabilities | 1.20 |
| Average inventory | - 4.54* |
| Total turnover | 1.63 |

Significant at: * 5 per cent level; **1 per cent level

**Compound growth rate of selected physical parameters:** The growth rate of number of OGCS functioning showed negative growth rate (-9.55%) followed by number of OGCS registered (-

8.61), number of OGCS defunct with highly significant value of -8.35 per cent per annum. The number of employees of federation were declined (-9.15%) due to shrinkage in the operational area society which is mainly because of shift in cropping pattern from oilseed to commercial crops like paddy and cotton, which leads to ingresses in number of defunct societies on other side the membership of federation was shown increasing trend which leads to increases in number of procurement centers of federation with marginal growth rate of 0.53 per cent. The OGCS registered and number of OGCS functioning during the year of study period behaved in the similar way (Table 2). Growth rate of these variables were negative due to cancelation of registration of society in the area where there was oilseed production was decreasing (minimum).

Eventhough number of OGCS functioning was negative growth rate the membership of society has increased by 2.21 per cent every year on compound basis. This may be due to federation increased its operational activities only in potential oilseed growing area rather extending to non oilseed growing area. Because of positive response of oilseed growers in potential area the federation increases its procurement centers for procurement of produce from the door step of farmers at remunerative price which increases their net profit. Therefore more and more people became members of OGCS for easy marketing of oilseeds through societies to avoid transportation cost, commission charge and marketing fees, *etc.* Similarly Ramachandran in 2004 in Kanyakumari reported that cooperative marketing can increase the net profit of the farmers by avoiding marketing cost and middle men influences.

**Compound growth rate of selected financial parameters:** Among all the variables, owned fund had registered the highest growth (19.10), followed by reserve and surplus (8.73). On the other hand growth rates in total turnover (1.63 %) indicated lowest contribution and total assets growth registered lowest by 0.80 per cent (Table-3). The growth in working capital was 8.65 per cent per annum during the study period and was found to be significant at one per cent. This may be due to the growth in total sale of the federation. However, the union maintained a good growth rate in case of reserve and surplus (8.73 % per annum).

The increasing trend in the owned fund of federation compared to working capital indicated the extent of contribution of fund from external source to the organization similar result was reported by Kale, *et al,* (2004) in dairy cooperatives in Maharashtra. It showed a favourable movement of funds for the debtors, because an increase of borrowed fund was not supported by an enhanced base of owned fund. The sale of oilseed registered a medium growth rate of 8.52 per cent during the study period, since federation expanded its operational activities by increasing the number of procurement centers. Among all the variables average inventory had negative growth rate of 4.54 per cent and is significant at one per cent level. This proved that the federation has maintained inventory to the minimum level.

## References


Adis, S., Rober, J.C., Emiry, T.: Farmers co-operatives and its marketing channel in Gulina district of Ethiopia. *Est. African. J. Rur. Dev*. **37**: 113- 119 (2007).

Anil Kumar, Manibhushan, B.P. Bhatt, K.M. Singh and Ashutosh U.: An Analysis of Oilseeds and Pulses Scenario in Eastern India during 2050-51. *J. of Agricultural Science*, **51**: 144-148 (2013).

Debashis, S. and Debajit, R.: Comparative economics of oilseeds cultivation: A special referenc to sesamum in West Bengal. *J. of Agriculture and Food Sciences,* **12**: 192-189 (2013).

FAO: 'World agriculture: towards 2030/2050', Interim Report, Rome. Hegde, D.M., Carrying capacity of Indian agriculture: oilseeds. *Current Science*, **102**: 867-873 (2014).

Hegde, D.M.: Carrying capacity of Indian agriculture: oilseeds. *Current Science,* **6:** 25867-25873 (2014).

Kale, L.K., Tilekar, S.N., Borude, S.G., and Hinge, B.J.: An economic enquiry into working of dairy cooperatives in coastal area of Maharashtra. *Ind. coop. Rev*., **4**: 426-433 (2004).

Karnool, M.G., Yadav, T.R. and Satyaprakash: Oilseed production, Problems and prospects in Inda. *Indian society of oilseed research,* Hyderbad, p. 262-271(2013).

Mruthyunjaya, Santakumar, M.T., Rajashekarappa, L.M., Pandey, S.V., Ramanarao and Narayan, P.: Efficiency in Indian edible oilseed sector. *Agric. Econ. Res. Rev*., **8**: 153-158 (2005).

Ramachandran, T.: Rural employment and income generation in dairy farming- a case study of Kanyakumari district, *Ind. J Agril. Econ*., **3**: 643-647 (2004).

Venkattakumar, R. and Padmayaiah, M., Adoption Behaviour of Oilseed Growers in India. *Indian Res. J. Ext. Edu.,* **3**: 75-83 (2010).