

## A study on cooperative exporters of Tamil Nadu

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### ABSTRACT

There is a good opportunity to the cooperative department of Tamil Nadu to involve direct exporting operations. The Tamil Nadu cooperative associate organizations are still expecting others assistances to export the commodities. The government has to take steps to improve the export through government separate department.

**Key words :** Cooperative exporters, Cooperative exports, Cooperative sugar federation, Export performance

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Co-operatives all over the world have become an effective and potential instrument of economic development. The Co-operative Movement in Tamil Nadu has witnessed over the decades substantial growth in diverse areas of economy. There is not a single major sphere of economic activity which has not been touched by Co-operatives. Co-operatives are also envisaged as an instrument for implementing many important policies like agricultural credit, market intervention, price support for agricultural commodities, public distribution etc.

Particularly in Tamil Nadu, The cooperative movement has grown and spread like a banyan tree and taken deep roots since 1904 when the first cooperative societies act was enacted in the country, and is closely linked with the day to day affairs of the people. In order to help the growth of cooperatives and spread the knowledge of its achievements among the people and shape their minds, 20 State Cooperative Unions were

established in the country and Tamil Nadu Cooperative Union is one among them. Tamil Nadu Cooperative Union was started on 4.1.1914. With the objectives to Develop the Cooperative Movement, to impart Cooperative Education and Training to co-operators, employees and members of Cooperative Societies and general public, to arrange for meetings, seminars, conferences, discussions etc. in connection with the cooperative movement, to carry out publicity works through publishing magazines in English and Tamil, to arrange to print pamphlets, statistical statement, telephone hand book etc., relating to cooperative movement, to arrange for imparting training to the office bearers, employees and officers of the cooperative societies. to assist in the establishment of new cooperative organisations, to act as an Information and public relations agency for providing information on cooperative movement, to propagate the ideals of Cooperation through short films/slides, video tapes etc, to give wide publicity about the policies, programme and achievements of cooperative movement through posters, stickers, banners and tom, etc, to maintain Cooperative Research and Development Fund and Cooperative Education Fund, and to arrange for exhibitions depicting the achievements of Cooperative Movement.

The present study is to construct the performance on exporting activities of the cooperative departments and growth factors have been identified from the factors identified by the Ministry of Agriculture and Cooperation Department

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of India and Cooperative Department of Tamil Nadu.

**Statement of the problem:**

Tamil Nadu cooperative department has been faced certain problems in the growth of exports in certain product like sugar, sago, and textile under production of cooperative department and federation. The problems are in the form of poor growth in exports, lack of financial assistances from the state government, high competition of the private, government has been given importance to the political environment than the economic environment, and some of the other weaknesses are, lack of professional management, lack of adequate infrastructure, lack of capability to withstand competition, over-dependence on government for financial assistance and restrictive provisions of cooperative law. Some of these main weaknesses observed in the cooperative sector of Tamil Nadu; have to be tackled on war-footing in the years to come, in the best interest of the survival of cooperative sector.

The current status of cooperatives reflects both a threat and an opportunity. It is a threat, because cooperatives have failed, to a large extent, in delivering efficient goods and services unlike the private sector and an opportunity, because the new economic scenario will offer enough opportunities, which could be effectively utilized by the cooperatives to prove their case of continuation. Some of the new challenges to be faced by cooperatives in the new millennium are as many cooperatives encounter difficulties in generating their own resources and have to completely reorganize themselves to survive and succeed in a competitive environment, without depending on any state support. Internal and structural weaknesses of cooperative institutions, combined with lack of proper policy support have neutralized their positive impact and resulted partly in the mismanagement, inefficiency and corruption in the financing of cooperatives. This has necessitated the need for a clear-cut policy on co-operatives exports, to enable sustained development and growth of healthy exports and self-reliant cooperatives. Thus, the present study will give a clear portrait to the policy makers.

**Objective of the study:**

- To study origin and growth of the cooperative sectors in Tamil Nadu.
- To study the exports of Tamil Nadu cooperative sugar federation, handloom weavers cooperatives, and sago serve producers federation.
- To evaluate the performance and growth of cooperative exports of Tamil Nadu.
- To offer suitable suggestion to improve the cooperative exports of Tamil Nadu.

**Hypotheses of the study:**

The following Null hypothesis is framed and tested.

- There are no significant exports growth differences among the selected cooperative department of the study.

The study is based on secondary data and first hand information from the officials of the respective departments. The secondary data are to be collected from the published reports of Cooperative Union of Tamil Nadu, Govt Policy Notes of Tamil Nadu, Govt budgets of Tamil Nadu, annual reports of ministry of agriculture and cooperation department of India, the eleventh five year plan, economic survey 2010-2011, reports of various committees on cooperation, bye laws, circulars, books, journals, and news papers relating to respective cooperative departments.

**Frame work of analysis:**

The data collected from the respective cooperative departments are analysed through simple percentage, annual compound growth rate, growth index, and appropriate ratio analysis.

**Scope of the study:**

The study covers the selected Tamil Nadu cooperative organisations' exports, foreign trade, and the role of cooperative departments' exporting ratio of Indian economy. The profile of the Cooperative Department of Tamil Nadu origin and development are studied. The cooperative exports performances have been studied as per selected respective department wise and sum up export performance of these four major departments have also to be studied with appropriate statistical tools.

**Operational definitions:**

*Exporter:*

One who exports; the person who sends goods or commodities to a foreign country, in the way of commerce

*Cooperative exporter:*

Cooperative department or federation or body corporate sends goods or commodities to a foreign country, in the way of commerce under the ministry of commerce and industry with the present effect of export policy of the government of India. Hereafter the selected cooperative organisation are considered as cooperative exporter for the present study.

**Period of the study:**

In order to study the performance and growth of cooperative credit structure, cooperative marketing, processing and storage, consumer cooperatives, and integrated cooperative development projects of Tamil Nadu, the secondary data for ten years from 2001-2002 to 2010-2011 are collected.

**Limitation of the study:**

- The present study covers only the cooperative

exports on sugar, sago, and textile; it does not consider other cooperative departments' exports of Tamil Nadu.

– The study confine only the cooperative department of Tamil Nadu, it does not gives any findings and suggestion to other states of India.

– The study restricted with the secondary data only to interpret the export performance of respective selected cooperative department of Tamil Nadu.

Analysis and interpretation conceived the following finding.

#### **International trade:**

– Growth in world trade volume is expected to moderate in 2011 and 2012 to 7.1 per cent and 6.8 per cent, respectively, as per IMF projections. However, the trade growth in emerging and developing economies is expected to be more robust than that in the advanced economies in 2011 and 2012.

– The various policy initiatives taken by the RBI through a hike in the all-in-cost ceiling for improving the trade credit mechanism, enhancement of the limit on overseas borrowings by banks, extending the line of credit as well as swap facility to Exim Bank, have helped in easing the pressure on trade financing. This is further corroborated by the increase in share of short-term trade credit (both inflows and outflows) in overall gross capital flows— while share of inflows increased from 10.9 per cent in 2007-08 to 15.6 per cent in 2009-10, share in outflows increased from 9.6 per cent to 15.8 per cent during the same period.

– The deceleration in export growth in rupee terms in 2009-10 was not only due to the large deceleration of growth in unit values to 1.0 per cent compared to 16.9 per cent in 2008-2009 but also due to actual decline in quantum by 1.1 per cent compared to the 9 per cent growth in 2008-2009. This was mainly due to the negative growth in both volume and unit values of manufactured goods. Export volume of food and food articles like rice, coffee, spices, and oilseed cake also fell (though their unit values increased) mainly due to supply constraints and policy interventions like ban on exports in the case of non-basmati rice.

– International trade activity in Asia, which rebounded appreciably in the first two quarters of 2010, has tapered in the third quarter. This is partially due to the base effect and partially a reflection of the global trend in trade inquiry of 2010. Both exports and imports have exhibited almost similar growth patterns with a deceleration inquiry for most emerging Asian countries, except Hong Kong and Philippines, where growth in exports have improved marginally compared to the earlier quarter or earlier two quarters.

– India's merchandise imports, also affected by global recession, fell to US\$288.4 billion with a negative growth of -5.0 per cent in 2009-10. This was due to the fall in growth of petroleum, oil, and lubricant (POL) imports by 7.0 per cent and

non- POL imports by 4.2 per cent. POL import growth was low mainly due to decline in import price of the Indian crude oil import basket by 16.5 per cent despite the increase in quantity by 7.7 per cent.

#### **Export from Tamil Nadu cooperative:**

##### *Tamil Nadu co-optex:*

During the year 2006-2007, Co-optex has procured handloom and powerloom goods worth Rs.288.87 crore from the weavers' co-operative societies of the State and the sales stands at Rs. 371.40 crore including the export sales worth Rs. 4.41 crore. In 2007-2008 have stagnated the same position of the previous year. Despite the weavers cooperative societies and market them through 200 showrooms of which 130 are located within the state and 71 are located outside of the state.

#### **Tamil Nadu sugar cooperatives:**

During the 2006-2007 crushing season, all the 37 operating mills in the state have crushed 274.49 L.M.T. sugarcane as against 231.46 LMT of cane in 2005-06 season. The sugar production during 2006-07 season was 25.39 LMT against the previous season's 21.38 LMT. The capacity utilization of all the sugar mills during 2006-07 season was 144 per cent as against 125 per cent of the previous season.

The Co-operative and Public Sector Sugar Mills have crushed 87.88 LMT of cane in 2006-07 season and produced 8.09 LMT of sugar with an average sugar recovery of 9.20 per cent. These 17 working mills as on 31.03.2008, have crushed 41.77 LMT of cane and produced 4.05 LMT of sugar with an average sugar recovery of 9.70 per cent.

The growth of the sugar mills exports portions on the total productions have not available to Amaravathi and National cooperative sugar mills due to that the crushing period was stopped on 2005-2006 and 2002-2005, respectively. The highest growth is occurred to Salem Cooperative Sugar Mill (4.94%), the poor growth to Vellore Cooperative Sugar Mill (-9.25%). It denotes that the average level of the Cooperative Sugar Mills growth was -1.95 per cent for the nine years of exports and production of sugar.

The rank of the sugar mills exports portions on the total productions among selected cooperative sugar mills from 2001-2002 to 2009-2010. The first rank is occurred to Chengalrayan cooperative sugar mill (1st rank), the last rank to Thiruthani Cooperative sugar mill (XII<sup>th</sup> rank). The rank have been segregated as three slabs in which from 1st to IV<sup>th</sup> is considered as good V<sup>th</sup> to VIII<sup>th</sup> as considered as moderate level and IX<sup>th</sup> ranks to XII<sup>th</sup> ranks are considered as poor. The poor production was made by amaravathi, ambur, NPKRR, and Thiruthani. It denotes that the average level of the cooperative sugar mills rank was 33.33 per cent for the nine years of exports and production of sugar.

**Sagoserve:**

The growths of export of sago and starch products in 2001-2002 have made 9.764 bags. From the inception of the Sagoserve it was a mile stone in its production and the sales. The reason is sago products are used in many food items, garment and adhesive products. The Tamil Nadu have to improve the export to international level beyond the Thailand sago production and export to international market.

**Suggestion:**

– The trade growth in emerging and developing economies is expected to be more robust than that in the advanced economies in 2011 and 2012.

– The extended interest rate to subvention of 2 per cent on pre and post shipment rupee export credit for certain employment-oriented export sectors such as handicrafts, carpets, handlooms, and small and medium enterprises as on 31 March 2011 should decrease the central government.

– India's export growth percentage is very low existence in the world arena (0.7%). It should be improved very soon, because of the American dollar value have been decreased (recession period) that may be the opportunity of Indian economy to boom.

– The sugar cane cultivation depending financial assistance and its alternative as financial and government support is needed to good working capital condition and

environment.

– The government has to increase the subsidies to promote the production as well as to the farmers' life.

– Cultivation land and the agricultural land are migrated to real estate and infrastructural development like road construction and industrial development, villages are migrated to urban area. It should be strictly prevented by the state government.

– The poor production was made by Amaravathi, ambur, NPKRR, and Thiruthani cooperative sugar mills in Tamil Nadu. It should be rectified in future course of action plan by the respective department.

– The political intervention is an inherent factor which associated with cooperative system of anywhere of the world. Despite of that government authorities try to minimize the influences on the cooperation.

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