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Functional Correlation Between Credit And Marketing Co-Operatives While Practicing The Scheme Of 'Linking Credit With Marketing.'

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Abstract

The co-operative system will be strong and effective only when there is proper integration among co-operative. Because of the weakness of the integration, they cannot come up to the expected level of performance. Co-operation among co-operatives is the first and foremost requirement for an orderly functioning of co-operative societies. Functional correlation in the various activities of societies measures how services supplied by these societies help to meet member's expectation. Functional correlation is possible only through the better performance of employees working in co-operative societies.

Key words: co-operative credit societies, co-operative marketing societies and Linking Co-operative Credit with Marketing

Introduction

Linking Co-operative Credit with Marketing has long been regarded as a 'sine qua non' not only for the satisfactory working of the co-operative marketing or co-operative credit societies but for the wholesome growth of the co-operative movement. Under this scheme the Primary Credit Society advances crop loan to the members on the understanding that they would sell their produce through the marketing society. This system of mutual assistance is to ensure better recoveries for the primary credit societies and better business for the marketing societies.

The scheme of 'linking credit with marketing' was implemented in Kerala as "Kettuthengu Udampadi System."Under this scheme, the emphasis has been shifted from the security of the loan to the requirements of the credit for the production of a particular crop. Members can deposit their produce directly to the marketing society. Out of the value of the

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total produce, the instalments due to the credit society can be recovered. The Primary Agricultural Credit Societies try to meet in full all short-term/ medium-term credit needs of its members.

Though theoretically sound, the system of linking credit with marketing has not been successful in actual practice. So far what the marketing co-operatives have achieved is very little when compared to what is expected from them. This calls for a detailed examination of the functional correlation between co-operative credit societies and co-operative marketing societies while practicing the scheme of Linking Co-operative Credit with Marketing operation and hence the study.

Review of Literature

Surridge B.J, Webster F.H (1978) through their study entitled "Co-operative thrift, credit, marketing and supply in developing countries" tried to disclose various inherent opportunities of co-operative marketing societies. They concluded that though it was not compulsory on the part of member of a society to repay loan by any fixed or predetermined amount while selling his produce through a marketing society, the concerned marketing society should take care to see that the debt commitments of the member were settled on time.

Mathur (1972), in his study entitled "Marketing Agricultural Produce, Role of co-operatives" says that the need for co-operative marketing does not arise only due to malpractice in agriculture system. It is felt that the future of cooperation depends on the development of marketing, as the credit movement will hardly succeed unless linked with marketing. The necessity of marketing co-operatives also arose because market conditions often deviate from healthy practice and various forms of speculations are resorted to.

Single window Rural credit and marketing institution is a revolutionary step that has first been taken by the Andhra Pradesh Govt, following the recommendations of R.H.Hazari in the year 1975 who submitted his report in 1976 recommending for the integration of co-operative credit structure and marketing structure for conveniences of farmers to enable them to avail multi services at a single contact point. Reorganization of co-operative credit and marketing structure is done by developing a strong integrated co-operative credit structure

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and enforcing it with marketing structures. The objectives of the scheme are: 1. To provide at a single place credit and marketing services to the farmers. 2. To make PACSs more viable so as to respond to all economical needs of farmers 3. To improve the re organised institutions position. 4. To achieve progressive linkages of credit with marketing.

"Linking Credit With Marketing: A Quantitative Assessment Of The Effect Of Credit On The Marketing Operations Of The Co-Operative Produce Marketing Unions" by Osuntogun A, (1972)examines the relationship between the volume of produce handled and the loans made by the co-operative produce marketing unions. Full responses were obtained from 17 of the 24 co-operative produce marketing unions. Ordinary least squares regression techniques were used to analyze the cross-section data collected. He found the logical corollary related to co-operative marketing and co-operative credit is one without the other is incomplete and imperfect. But same some co-operative marketing societies were failed in organizing effective link between credit societies and marketing societies.

Statement of the problem

The logical corollary related to co-operative marketing and co-operative credit is one without the other is incomplete and imperfect. Despite this, not only co-operative marketing societies but also co-operative credit societies have failed to forge an effective link between the two. Even though 90 per cent of the agricultural credit societies have been affiliated with the marketing societies, only a few societies have undertaken the operation effectively.

The working of the scheme of linking credit with marketing has suffered from a number of drawbacks. No realistic criterion has been evolved to assess the repaying capacity of the borrower. Granting of loans to those persons who do not market their produce through the marketing society is another serious issue that cause mounting debt on the part of credit societies. Practically, no arrangements have been made by primary credit societies or marketing societies for the collection of the produce from the members.

Objectives of the study

Objective of the present study is to examine the functional correlation between credit and marketing co-operatives while practicing the scheme of linking credit with marketing.

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Hypothesis of the study

Hypothesis formulated to test the above objective is functional correlation between credit and marketing co-operatives while practicing the scheme of linking credit with marketing is high.

Methodology

Present study is based on secondary data and primary data. Secondary data collected from text books and journals. Primary data is collected from interviewing members of co-operative marketing societies. A structured questionnaire was developed for this purpose. In Kerala, there are 240 Primary Co-operative Marketing Societies and 580 Primary Co-Operative Credit Societies are registered up to 31st March, 2019 under the administrative control of Registrar of Co-operative Societies. Of these, only 32 Primary Co-operative Marketing Societies are undertaking the scheme of 'Linking Co-operative Credit with Marketing operation. Therefore 32 Secretaries are the respondents of the study. A total of 49410 farmers are enrolled as members of co-operative credit societies up to 31st March 2019. But only 910 members are borrowed under this scheme.

Results and Discussion

Present study focuses on functional correlation between co-operative credit societies and co-operative marketing societies while practicing the scheme of Linking Co-operative Credit with Marketing operation. The functional correlation was assessed from the response of Secretaries of PCC Societies and PCM Societies on various functional correlation determining indicators. The respondents were asked to state their opinion on a five point scale starting from 5 (Strongly Agree) to 1 (Strongly Disagree).

ATTITUDE OF EMPLOYEES

Employees attitude does affect the way they treat customers and good attitude would ensure a happy and loyal customer base, resulting in more business and higher spending from customers. Positive employees attitude ensures that they interact with customers with a view to understand their needs and goals. Attitude of employees of PCCS and PCMS towards the practice of 'Linking Co-operative Credit with Marketing' with a Test of Significance are shown in the following table.

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Table 1
Mean score of attitude of employees of PCCS and PCMS towards the practice of 'Linking Co-operative Credit with Marketing' with a Test of Significance

Variables	PCCS		PCMS		Paired Correlation Test	
	Mean	SD	Mean	SD	Value	Sig.
Sincere and cordial nature of the employees in dealing with the customers	3.75	1.28	4.25	1.39	0.602	0.014
Employees' awareness about various financial supporting schemes of the government	4.63	0.74	4.38	0.52	0.046	0.913
Employees are not well trained to operate the scheme	4.50	0.76	4.88	0.35	0.802	0.017
Societies have no adequate employees to attend the operations effectively.	4.75	0.46	4.25	1.04	0.447	0.267
Employees have trust upon the repayment capacity of the ultimate beneficiaries	3.75	1.75	4.13	0.64	-0.223	0.596

(Source: Survey data)

Table.1 presents the mean scores of various functional correlation determining indicators representing 'attitude of employees' of PCC Societies and PCM Societies towards the practice of 'Linking Co-operative Credit with Marketing' operation. For measuring 'attitude of employees' while practicing the scheme of Linking Co-operative Credit with Marketing different variables such as sincerity, awareness level, training and development, job involvement and behaviour towards beneficiaries were taken into account.

From the Table it can be seen that the employees treatment on dealing with the customers in the case of PCCS (mean-3.75) and PCMS (mean-4.25) is moderately sincere and cordial. The statistical significance (2-tailed p-value) of the paired correlation test is 0.014. As the p-value is less than 0.05, it can be concluded that there is significant correlation in the mean scores on this functional correlation determining indicator between two Societies.

Above Table reveals that employees' awareness about various financial supporting schemes of the government in the case of PCCS (mean-4.63) is highly striking. But in case of PCMS (mean-4.38) is moderately striking. The statistical significance (2-tailed p-value) of the paired correlation test is 0.913. As the p-value is greater than 0.05, it

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can be concluded that there is no significant correlation in the mean scores on this functional correlation determining indicator between two Societies.

From the opinion of Secretaries of PCCS and PCMS it can be understood that, they are not well trained to operate this scheme. The mean opinion scores of PCCS and PCMS is 4.50 and 4.88 respectively. The statistical significance (2-tailed p-value) of the paired correlation test is 0.017. As the p-value is less than 0.05, it can be concluded that there is significant correlation in the mean scores on this functional correlation determining indicator between two Societies.

As per the mean opinion score (mean-4.75) of the Secretaries of PCCS, it can be proved that Societies have no adequate employees to attend various operations in association with the scheme of Linking Co-operative Credit with Marketing. But Secretaries of PCMS (mean-4.25) are not much supporting the situation. The statistical significance (2-tailed p-value) of the paired correlation test is 0.267. As the p-value is greater than 0.05, it can be concluded that there is no significant correlation in the mean score on this functional correlation determining indicator between two Societies.

Above Table explored that the mean scores obtained by PCCS and PCMS regarding employees trust upon the repayment capacity of beneficiaries are highly encouraged in PCMS (mean-4.13) and it is moderately (3.75) encouraged in PCCS. The statistical significance (2-tailed p-value) of the paired correlation test is 0.596. As the p-value is greater than 0.05, it can be concluded that there is no significant correlation in the mean score on this functional correlation determining indicator between two Societies.

LINKAGE BETWEEN SANCTION AND DISBURSEMENT OF LOAN

As crop loans are production oriented loans, they are sanctioned before the commencement of the sowing season. The scale of finance is determined at the field workers conference consisting of Assistant Registrar of Co-operatives, officers of Central Co-operative Bank, Officers of the Agricultural Department, Extension Officers and Representatives of Primary Credit Societies. The crop loan disbursement depends on the area cultivated, type of land, the nature of crops, the level of cultivation, and whether improved practices of cultivation have been adopted. In this session linkage between sanction

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and disbursement of loan between Societies while practicing the scheme of 'Linking Co-operative Credit with Marketing' are mentioned.

Table 2
Mean score of Linkage between sanction and disbursement of loan between Societies while practicing the scheme of 'Linking Co-operative Credit with Marketing' with a Test of Significance

Variables	PCCS		PCMS		Paired Correlation Test	
	Mean	SD	Mean	SD	Value	Sig.
The employees will not follow any discrimination in the sanction and disbursement of the loans	4.25	0.46	2.50	0.76	0.408	0.315
Sanctioning of the loan is made after verifying land record of members and cropping area of members	5.00	0.00	3.25	1.28		
Sanctioning and disbursement of loan require much time	4.88	0.35	5.00	0.00		
Financial non viability of PCMS adversely affects Sanctioning of the loan by PCCS	4.88	0.35	4.63	1.36	0.037	0.030
Lack of sufficient planning, implementation and monitoring of the scheme causes moulding overdues.	4.88	0.35	4.75	0.93	0.840	0.000
The terms and conditions are favourable to the beneficiaries	4.88	0.35	2.00	1.41	0.286	0.493

(Source: Survey data)

Table.2 presents the mean scores of various functional correlation determining indicators representing 'Linkage between sanction and disbursement of loan' of PCC Societies and PCM Societies while practicing the scheme of 'Linking Co-operative Credit with Marketing'. For measuring the 'Linkage between sanction and disbursement of loan' while practicing the LCCM scheme six variables such as discrimination, verification, time lag, financial viability, overdues, and terms and conditions were developed.

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From the view of the Secretaries of PCCS, they opined that they never follow any discrimination in the sanctioning and disbursement of loan. The mean opinion score in this case is 4.25. As per the opinion of the Secretaries of PCMS, they revealed that employees of PCCS show discrimination in the sanctioning and disbursement of loan. The mean opinion score in such a case is 2.50. The statistical significance (2-tailed p-value) of the paired correlation test is 0.315. As the p-value is greater than 0.05, it can be concluded that there is no significant correlation in the mean scores on this functional correlation determining indicator between two Societies.

From the Table it can be easily identified that all Secretaries of the PCCS have same opinion regarding the document verification for the sanctioning of the loan. At the same time all Secretaries of PCMS opined that sanctioning and disbursement of loan require much time.

From the Table it can be seen that the Secretaries of PCCS and PCMS mutually agreed that financial non viability of PCMS adversely affects sanctioning of the loan by PCCS. The mean opinion score of PCCS and PCMS are 4.88 and 4.63 respectively. The statistical significance (2-tailed p-value) of the paired correlation test is 0.030. As the p-value is less than 0.05, it can be concluded that there is significant correlation in the mean score on this functional correlation determining indicator between two Societies.

From the Table it can be seen that the Secretaries of PCCS and PCMS mutually agreed that lack of sufficient planning, implementation and monitoring of the scheme causes moulding overdues. The statistical significance (2-tailed p-value) of the paired correlation test is 0.000. As the p-value is less than 0.05, it can be concluded that there is significant correlation in the mean score on this functional correlation determining indicator between two Societies.

The Secretaries of PCCS are believed that the terms and conditions are favourable to the beneficiaries of PCCS. They scored mean value of 4.88. But the Secretaries of PCMS argued that the terms and conditions on the loan are not favourable to them and scored 2.00 as mean value. The statistical significance (2-tailed p-value) of the paired correlation test is 0.493. As the p-value is greater than 0.05, it can be concluded that there is no significant correlation in the mean score on this functional correlation determining indicator between two Societies.

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CUSTOMER RELATIONS MANAGEMENT

Customer relationship management is an approach to manage a Society's interaction with current and potential customers. Customer relations management' between Primary Co-operative Credit and Marketing Societies while practicing the scheme of 'Linking Co-operative Credit with Marketing' are shown below.

Table 3
Mean score of 'customer relations management' between Societies while practicing the scheme of 'Linking Co-operative Credit with Marketing' with a Test of Significance

Variables	PCCS		PCMS		Paired Correlation Test	
	Mean	SD	Mean	SD	Value	Sig.
Customer Relationship Management leads to satisfied customers and eventually higher business	4.00	0.93	4.75	0.71	0.436	0.280
Wilful default by members hinder proper relationship between members and society	4.75	0.46	4.75	0.46	0.333	0.420
Customer Relationship Management goes a long way in retaining existing customers	1.25	0.46	2.75	0.46	-0.333	0.420
Poor communication system followed by PCCS lead to lack members confidence with society	2.38	0.52	2.38	0.92	0.264	0.528

(Source: Survey data)

Table. 3 presents the mean scores of various functional correlation determining indicators representing 'customer relations management' of PCC Societies and PCM Societies while practicing the scheme of Linking Co-operative Credit with Marketing. For measuring the customer relationship management while practicing the LCCM scheme, four variables such as customer satisfaction, relationship status, customer retention, and communication system were taken into account.

From the Table it can be seen that the employees treatment on customers in the case of PCCS (mean-4.00) lead to satisfied customers and getting higher business. The employees' treatment on customers of PCMS (mean-4.36) leads to highly satisfied customers

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as compared to PCCS. The statistical significance (2-tailed p-value) of the paired correlation test is 0.280. As the p-value is greater than 0.05, it can be concluded that there is no significant correlation in the mean score on this functional correlation determining indicator between two Societies.

It can be easily recognized from the above Table that willful defaults made by members hinder proper relationship between members and society. The statistical significance (2-tailed p-value) of the paired correlation test is 0.020. As the p-value is less than 0.05, it can be concluded that there is significant correlation in the mean score on this functional correlation determining indicator between two Societies.

From the opinion of Secretaries of PCCS and PCMS it can be understood that, Customer Relationship Management hardly goes a long way in retaining existing customers. The statistical significance (2-tailed p-value) of the paired correlation test is 0.420. As the p-value is greater than 0.05, it can be concluded that there is no correlation in the mean score on this functional correlation determining indicator between two Societies.

As per the mean opinion score (mean- 2.38) of the Secretaries of PCCS, it can be seen that poor communication system followed by PCCS adversely affects members confidence with society. Similar situation is found from the opinion of the Secretaries of PCMS (mean-2.38). The statistical significance (2-tailed p-value) of the paired correlation test is 0.528. As the p-value is greater than 0.05, it can be concluded that there is no significant correlation in the mean score on this functional correlation determining indicator between two Societies.

FEEDBACK COLLECTION

Collecting customer feedback is vital for co-operative credit and marketing societies. It helps to make any changes in the functioning of the co-operative credit and marketing societies. In this session societies approach on feedback collection is mentioned.

Table 4
Mean score of 'feedback collection' between Societies while practicing the scheme of 'Linking Co-operative Credit with Marketing' with a Test of Significance

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Variables	PCCS		PCMS		Paired Correlation Test	
	Mean	SD	Mean	SD	value	Sig.
It is gradually becoming the cornerstone of growth initiatives	4.88	0.35	5.00	0.00		
It helps in decision making and influences the beneficiaries	3.75	1.75	4.88	0.35	-0.288	0.489
Assuring customers of a speedy response in future	4.25	0.46	2.25	1.39	0.556	0.153
As far as society is concerned no importance to feedback collection	4.88	0.35	4.13	0.99	0.459	0.253
Society follows only day to day operations and gives little importance to grievance collection and its redressal	4.75	0.71	2.75	1.91	0.370	0.366
Customer feedback helps to measure the beneficiaries' satisfaction	5.00	0.00	3.50	1.69		
Customer feedback helps to improve beneficiaries' retention	2.13	1.55	5.00	0.00		

(Source: Survey data)

Table. 4 presents the mean scores of various functional correlation determining indicators representing 'feedback collection' of PCC Societies and PCM Societies. For measuring the 'feedback collection system of both societies seven variables like growth initiatives, decision making, future scope, importance, grievance redressal mechanism, beneficiaries satisfaction and retention were taken into account.

Above Table pointed out that feedback collection system is gradually becoming the cornerstone of growth initiatives of both the societies that contributes highest mean scores. Similarly all Secretaries of PCMS uniformly opined that customer feedback helps to improve beneficiaries' retention. At the same time all Secretaries of PCCS uniformly opined that Customer feedback helps to measure the beneficiaries' satisfaction.

Highly negative correlation value is found from the mean scores regarding the decision making power of PCCS and PCMS. The statistical significance (2-tailed p-value) of

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the paired correlation test is 0.489. As the p-value is greater than 0.05, it can be concluded that there is no significant correlation in the mean score on this functional correlation determining indicator between two Societies.

It is evident from the Table 4 that Secretaries of PCCS and PCMS strongly agreed that society did not give any special importance to feedback collection. The mean opinion score is high in the case of PCCS (4.88) and the mean opinion score is moderate in the case of PCMS (4.13). The statistical significance (2-tailed p-value) of the paired correlation test is 0.253. As the p-value is greater than 0.05, it can be concluded that there is no significant correlation in the mean score on this functional correlation determining indicator between two Societies.

As far as PCCS is concerned, society mainly handled day to day operations and gives little importance to grievance collection and its redressal. But the Secretaries of PCMS says that society gives special importance to grievance collection and its redressal along with day to day operations. The statistical significance (2-tailed p-value) of the paired correlation test is 0.366. As the p-value is greater than 0.05, it can be concluded that there is no significant correlation in the mean score on this functional correlation determining indicator between two Societies.

TESTING OF HYPOTHESIS

Functional correlation between co-operative credit societies and co-operative marketing societies while practicing the scheme of Linking Co-operative Credit with Marketing operations measured as per the opinion of Secretaries of PCC Societies and PCM Societies. The functional correlation was assessed from the response of Secretaries of PCC Societies and PCM Societies on various functional correlation determining indicators. The respondents were asked to state their opinion on a five point scale starting from 5 (Strongly Agree) to 1 (Strongly Disagree). In order to check the functional correlation between credit and marketing societies, functional correlation determining indicators like attitude of employees, linkage between sanction and disbursement of loan, customer relationship management and feedback collection were taken into account. The result revealed that out of the total of 22 sub variables four variables like sincerity, training and development, financial viability, and overdues only have functional correlation while practicing the

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scheme of Linking Co-operative Credit with Marketing operation. Therefore, the study rejects the null hypothesis that functional correlation between credit and marketing co-operatives while practicing the scheme of linking credit with marketing is high. The study accepts the alternative hypothesis that functional correlation between credit and marketing co-operatives while practicing the scheme of linking credit with marketing is low.

Conclusion

Present study focuses on functional correlation between co-operative credit societies and co-operative marketing societies while practicing the scheme of Linking Co-operative Credit with Marketing operation. The functional correlation was assessed from the response of Secretaries of PCC Societies and PCM Societies on various functional correlation determining indicators. Study revealed that functional correlation between credit and marketing co-operatives while practicing the scheme of linking credit with marketing is low.

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