

CHAPTER V



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PROBLEMS:

The first part of this chapter deals with the problems faced by the members of the society. There are various problems faced by the members such as lack of advance and storage facility, improper grading, inadequate price and so on. Major problems are discussed in detail below.

4.1 PROBLEMS OF CULTIVATOR-SELLERS:

1. Lack of advance and storage facility:

Even though one of the objectives of the Rubber Marketing Society is to provide advance and storage facility against the stock, the societies are not providing such facilities to the cultivators. It was found that more than 66% (i.e. 133) respondents were facing these problems. The lack of storage and advance facilities was found to be very acute to small farmers. More than 72% (i.e.106). Small farmers were facing this problem severely. Therefore the respondents are unable obtain benefit of off-season price increase.

2. Inadequate purchase depots of Rubber Marketing Societies:

The Rubber Marketing Societies has got only 11 procurement depots in Ernakulam district which is totally inadequate to cater the needs of cultivator-sellers. Out

of the total respondents who are not utilising Rubber Marketing Societies for selling their products reported that they are not selling through Rubber Marketing Societies, because the purchase depots are far away from their place.

3. High price of inputs:

The Rubber Marketing Societies supply inputs not at subsidised rates. So there is no much difference between rates of Rubber Marketing Societies and private dealers. For example the price charged by Rubber Marketing Society and private dealers for fertilisers, estate materials are the same. Out of the total respondents 25% (i.e.50) is not purchasing inputs from Rubber Marketing Societies due to various reasons such as high price, poor quality, unsatisfactory weights and measures. High price is the single major reason for not buying inputs from Rubber Marketing Society according to 94% of the respondents.

4. Inadequate Price:

The respondents reported that when compared to the cost of production, the present price of natural rubber is inadequate. The cost of production is more than 70% of the present price. More than 95% (i.e.,189) respondents are not satisfied in the present price. They will be benefited if they get Rs.35 per Kg.

5. Improper grading:

The society has grader for grading the products at the time of procurement. Out of the respondents who are selling through the Rubber Marketing Society 11% (i.e. 14) respondents are not satisfied with the grading of Rubber Marketing Societies. However, the remaining 89% (i.e. 108) respondents are satisfied.

6. Lack of Market Information:

The main source of market information is newspaper, television and radio. Out of total respondents 12% (i.e.24) respondents are not satisfied with the present market information system. However, the remaining are satisfied.

7. Lack of prompt payment:

Another problem of Rubber Marketing Society is lack of prompt payment. Out of total respondents 14% (i.e.33) respondents are not satisfied with the present price payment system. However the remaining are satisfied in the price payment system.

PROBLEMS OF RUBBER MARKETING SOCIETIES:

Second part of this chapter deals with the problems of Rubber Marketing Societies. Following are the important problems:

1. **Lack of finance:**

The main source of finance of Rubber Marketing Society is share capital and borrowings. Because of the lack of finance the societies are not able to fulfil their objectives such as advance and storage facility, to make prompt payments etc.

2. **Mixing of inferior quality:**

It is observed that most of the cultivators are not aware of producing good grades of rubber sheets. So they will mix all qualities produced by them. This will create problems to the Rubber Marketing Societies and it also result to low price to cultivator-sellers.

3. **Block of funds:**

Another problem of faced by Rubber Marketing Societies are block of funds. If there arise any difference of opinion regarding the grades between Rubber Marketing Societies and Rubber Marketing Federation. The Federation will not make immediate payment. This will lead to blocking of funds of societies.

4. **The Rubber Marketing Societies are not able to compete with private dealers due to the high operation cost and lack of prompt payment.**

PROBLEMS OF RUBBER MARKETING FEDERATION:

Third part of this chapter deals with the problems of Rubber Marketing Federation.

1. Block of Funds:

The Rubber Marketing Federation makes advance payment to the Rubber Marketing Societies. But they will get payments from factories within 60 days or more. So this will block the funds of the Federation.

2. Seasonality in Production requires huge funds:

The seasonality in the production of natural rubber entails some constraints on the Federation during the peak production period stretching from October to January, production reaches peak and the prices slump to rock bottom. However, the demand for natural rubber steady all through the year.

3. The volatility of rubber prices:

The basic causes for price instability are price inelasticity of demand and price inelasticity of supply. Another cause is buffer stock operation by State Trading Corporation. The other factors affecting the price are whether conditions, imperfect knowledge of actual state of supply and demand at a particular point of time, speculation or even market rumours in the market place.

4. The officials reported that the present accounting system is not according to the accounting principles. So various types of financial analysis is not possible.