

Willingness of Coconut Growers to Join Farmer Producer Companies in Western Tamil Nadu – An Exploratory Study

ABSTRACT

Coconut is a versatile crop called 'Kalpavriksha'—a tree of heaven. India, with its rich biodiversity of coconut, is the largest producer, with 33.02 percent, or 22167 million nuts, of the world's largest production of 67128 million nuts. But still, the farmers are facing difficulties in marketing the coconut. Coconut Producer Companies formed by Coconut Development Board, helps the farmers in resorting the problems. Hence, the present study investigates the willingness of coconut growers to join Farmer Producer Companies (FPCs) in Western Tamil Nadu. The results show that a majority of coconut growers are aware of FPCs and their benefits, and a significant proportion are already the members in the CPCs. The most important reasons for joining an FPC are the fair market price for coconuts, value addition of produce, and supply of quality inputs. The main reasons for not joining an FPC are lack of awareness of benefits, share capital contribution requirement, and benefits not distributed evenly. The study concludes that FPCs have the potential to improve the livelihoods of coconut growers in Western Tamil Nadu.

Key words:

Farmer Producer Companies, Intermediaries and Marketing

1. INTRODUCTION

Agriculture has been a cornerstone of the Indian economy for centuries. The primary source of livelihood for 58.00 percent of India's population depends on agriculture (IBEF 2020). The economic contribution of agriculture to India's GDP is steadily declining due to various factors, but agriculture still plays a significant role in the overall socio-economic status of India. India's agriculture sector, including horticulture, accounted for 42.00 percent of total employment with a total production of 291.10 million tons in 2019-20 (IBEF 2020). Coconut, a versatile crop grown in more than 25 countries, covering an area of 11.906 million hectares. India, with the rich biodiversity of coconuts, is the largest producer, contributing 33.02 percent or 22,167 million nuts to the world's total production of 67,128 million nuts (CDB, 2023). However, farmers still face difficulties in marketing their produce. The marketing of coconuts differs from that of other fresh fruits and vegetables due to the natural durability of coconuts. Labor for harvesting is another challenge, as the availability of technical labor is sparse, affecting the quality of harvested nuts.

1.1 PROBLEM FOCUS

Ramakumar (2001) analyzed the marketing problems faced by coconut farmers and identified three major reasons. First, price instability led to a decline in the consumption pattern of coconut and coconut oil among different users in the industrial and household sectors. Second, the cheaper imports

of coconut oil and substitutes like palm oil depressed local market prices. Third, the presence of intermediaries in the marketing channels led to low price realization for the producers. After harvesting, the nuts were sold to village traders because they were personally connected to farmers. Additionally, there is an unwritten agreement where advance money is provided to the growers in turn, and they have to sell the produce to these traders. Harvest contractors and wholesalers are also operating in a similar way, which attracted fewer price to the farmers. Moreover, intermediaries also faced labor problems for dehusking nuts, loading, and unloading. Due to the bulkiness of coconuts, there were transportation problems resulting in an increase in transportation costs.

Apart from this, constraints related to the marketing of coconut included a lack of a government procurement system, lack of co-operative marketing, lack of proper market information, a monopoly of market intermediaries, fluctuation in market prices, and high commissions among intermediaries, which were the major problems faced by coconut growers. Farmer Producer Companies (FPCs) are a promising solution to these challenges. FPCs are farmer-owned and controlled businesses that allow farmers to pool their resources and collectively market their produce (Ramappa, 2018). FPCs can provide a number of benefits to farmers, including: Higher prices for their produce, Access to credit and other inputs, Improved marketing infrastructure, Increased bargaining power. A number of FPCs have been formed in Tamil Nadu in recent years. However, the willingness of coconut growers to join FPCs is still low.

1.2 COCONUT PRODUCER COMPANIES:

Farmer Producer Companies are formed by grouping coconut farmers with similar interests to uplift the livelihoods of rural producers. This involves the collectivization of produce, providing inputs at a subsidized cost, and granting access to credit, infrastructure facilities, and technology. (In their study, Navaneetham et al. (2019) indicated that various driving factors for starting a farmer producer company included the potential for branding, purchase of machines and assets, scope in value addition, active dissemination of market information, price setting, and credit for the purchase. Hence, this study has been undertaken in Western Tamil Nadu, where many FPCs, especially Farmer Producer Companies, have been formed for the promotion and marketing of coconuts. This study investigates the factors that influence the willingness of coconut growers in Western Tamil Nadu to join FPCs.

2. METHODOLOGY:

A Multi-stage random sampling technique was employed to select the sample respondents based on the time and resource constraints of the investigator. In the first stage, among various districts in Tamil Nadu, Coimbatore, Tirupur, Erode and Namakkal were selected based on the area and production of coconut. These districts contributed to 39.26 percent (CDB, 2023) of the area under coconut cultivation in the state. In the second stage, based on the area under coconut cultivation, three taluks in each district viz., Pollachi, Anaimalai and Kinathukadavu in Coimbatore district,

Udumalpet, Dharapuram and Palladam in Tirupur district, Mohanur, ParamathiVelur, Kabilarmalai in Namakkal district were selected and due to wide spread in area under coconut in Erode, five taluks viz., Perundurai, Gobichettipalayam, Sathyamangalam, Modakurichi and Kodumudi in Erode district were selected.

In the third stage, two blocks were selected from each taluk based on the area under coconut cultivation and farmers were randomly selected from the villages of selected blocks. In Namakkal, due to lesser area under cultivation, only one block was purposively selected. Twenty-five farmers from nine taluks in Coimbatore (3 Taluks), Tirupur (3 Taluks) and Namakkal (3 Taluks) and fifteen farmers from five taluks of Erode district were selected with the total of 300 coconut farmers were selected randomly. The farmers were contacted individually for collection of details regarding constraints in production and marketing of coconut with the help of a well-structured and pre-tested interview schedule. Garret's Ranking Technique was used to rank the problems encountered by them in adopting good agricultural and management practices. The ranks were converted into percent position by using the formula,

$$\text{Per cent position} = \frac{100 \times (R_{ij} - 0.5)}{N_j} \times 100$$

Where,

R_{ij} = Rank given to the i^{th} attribute by the j^{th} individual

N_j = number of attributes ranked by the j^{th} individual

By referring to Garret's table, the percent position estimated were converted into scores. Thus, for each problem, the mean score was estimated. The problem with the highest mean value was considered as the most important one, and the others followed in that order.

3.RESULTS AND DISCUSSION

3.1 PERCEPTION ABOUT FPCS

Survey has been conducted to know the status of awareness level of farmer about FPCs and the results are presented in the table

Perception about FPCs	
Particulars	Percent
Awareness about FPCs	
Yes	220 (73.33)
No	80 (26.67)
Member of FPCs	
Yes	154 (51.30)
No	146 (48.66)
Source of knowledge about FPCs	

State Extension Departments	88 (40.00)
NGOs (RIs)	43 (19.56)
FPC mobilization	82 (37.27)
Media (Print / Visual)	4 (1.81)
Others	3 (1.36)

From the above table, it can be understood that 73.33 percent of farmers in this region are aware of Farmer Producer Companies (FPCs), and 51.30 percent of them are already members of FPCs. The majority of FPC members mentioned that their knowledge about FPCs comes from state extension departments through ATMA/Extension meetings. This was followed by farmer mobilization through the concerned FPC and then through RI/NGO.

3.2 REASONS STATED BY FPC MEMBERS FOR JOINING FPCS

Farmers became shareholders of FPCs by investing a minimum amount (Rs. 1000 to Rs.2500). Farmers receive many benefits in joining the FPC; hence they were asked to rank the reasons for joining in FPCs and the Garret Ranking technique was used to analyze and the results have been presented.

Reasons stated by FPC members for joining FPCs

S. No.	Reasons for joining in FPC	FPC members	
		Mean Score	Rank
1	Fair market price for coconuts	78.32	I
2	Value addition of produce	70.20	II
3	Supply of quality inputs	63.03	III
4	Better liaison between farmers and govt. departments	49.20	IV
5	Institutional mechanism	42.20	V

It was observed that the prices offered by the FPC were deemed good and fair compared to the market prices, serving as a primary motivator for farmers to join the FPC. Following closely was the opportunity for value addition to their produce with minimal investment, enabling farmers to enhance the value of their products before selling to the FPC. The supply of quality inputs by the FPC ranked third, providing an additional benefit for FPC members. Acting as a liaison between farmers and government departments to access government schemes for the farmers' benefit was the fourth-

ranked advantage of joining a Farmer Producer Company. Lastly, the FPC's role as an institutional mechanism ranked fifth among the reasons cited by farmers for joining.

3.3 REASONS STATED BY NON-MEMBERS FOR NOT JOINING IN FPCS

Farmers who have not joined the FPC were asked to rank the reasons and the results were obtained, analysed and tabulated below.

Reasons stated by non-members for not joining in FPCs

S. No.	Reasons for not joining FPCs	Non FPC members	
		Mean Score	Rank
1	Lack of awareness on benefits from FPC	72.87	I
2	Share capital contribution requirement	63.06	II
3	Benefits not distributed evenly	55.09	III
4	Well established rapport with intermediaries	52.00	IV
5	Lack of transparency in operations	41.90	V
6	Political Intervention by BoDs	40.32	VI

The analysis of the above table revealed that the foremost challenge hindering farmers from joining the FPC was a lack of awareness regarding the benefits, as indicated by the top rank with a mean score of 72.87. To address this, conducting awareness campaigns on the advantages of FPC membership could prove effective in popularizing it among farmers. The second-ranked challenge was the reluctance and hesitation among farmers to contribute to the share capital of the FPC. The perception that FPCs primarily benefited only well-established or 'creamy' farmers emerged as the third major reason cited by farmers for not joining. Some farmers expressed satisfaction with their existing relationships with intermediaries, ranking as the fourth reason for not joining the FPC. Lack of transparency and concerns about political intervention in the Board of Directors were identified as the fifth and sixth reasons, respectively.

CONCLUSION

In conclusion, the exploratory study on the willingness of coconut growers to join Farmer Producer Companies (FPCs) in Western Tamil Nadu has provided valuable insights into the factors influencing farmers' decisions. The findings indicate a notable level of awareness among farmers regarding FPCs, with a substantial percentage already being members. The perceived benefits of fair pricing by FPCs, opportunities for value addition, and the supply of quality inputs have emerged as significant motivators for farmers to join these collective enterprises. However, challenges persist, primarily driven by a lack of awareness about the benefits of FPC membership, as highlighted by the study. To overcome this barrier, there is a clear need for targeted awareness campaigns to educate farmers about the advantages of participating in FPCs. Additionally, the reluctance among farmers to

contribute to share capital and the perception that FPCs primarily favor wealthier members present challenges that require strategic interventions to foster inclusivity and encourage broader participation.

Furthermore, the study underscores the pivotal role of FPCs as intermediaries between farmers and government schemes, positioning them as essential players in facilitating access to beneficial agricultural programs. Addressing concerns related to transparency and political influence within FPCs is crucial for building trust and encouraging more farmers to join. In summary, while the study highlights positive aspects driving farmer interest in FPCs, it also points to specific challenges that must be addressed to maximize the potential benefits for all coconut growers in Western Tamil Nadu. Future endeavours should focus on targeted awareness initiatives, inclusive policies, and transparent governance structures to foster a more widespread and sustainable engagement of coconut farmers with Farmer Producer Companies in the region.

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COMPETING INTERESTS

Authors have declared that no competing interests exist.

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