

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

## ABSTRACT

Coconut, a versatile crop called as 'Kalpavriksha' – A tree of Heaven. India, with the rich biodiversity of coconut, is the largest producer with 33.02 percent share or 22167 million nuts of the world's largest production of 67128 million nuts. But still, the farmers facing difficulties in marketing coconut. The constraints pertaining to the marketing of coconut were lack of government procurement system, lack of co-operative marketing, lack of proper market information, monopoly of market intermediaries, fluctuation in market price, and high commission among intermediaries were the major problems faced by the coconut growers. This study analyses the perception and preference of coconut farmers in joining coconut producer companies in the Western Tamil Nadu. Descriptive analysis and Garret ranking technique has been used and concluded that price provided by the FPC was good and fair enough compared to the market price, which was the major reason for joining the FPC and **lack of awareness on benefits obtained, share capital contribution requirement, and benefits not distributed evenly are the major problem in not joining the FPCs.**

## Key words:

*Farmer Producer Companies, Intermediaries and Marketing*

## 1. INTRODUCTION

Agriculture has been the strength of the Indian economy since centuries old. 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 still, agriculture contributes a significant role in the overall socio-economic status of India. India's agriculture sector, including horticulture, accounted for 42.00 percent of the 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 in an area of 11.906 m.ha. India, with the rich biodiversity of coconut, is the largest producer with 33.02 percent share or 22167 million nuts of the world's largest production of 67128 million nuts. **But still, the farmers were facing difficulties in marketing coconut.** The marketing of coconut differs from that of other fresh fruits and vegetables because of natural durability of coconuts. Labor for harvesting is another challenge, since the availability of technical labor is sparse, that affects the quality of harvesting nuts (Banu 2019).

### 1.1 PROBLEM FOCUS

Ramakumar (2001) analyzed the marketing problems faced by coconut farmers and concluded that three major reasons were identified. First, price instability led to a decline in the consumption pattern of coconut and coconut oil among its different users in the industrial and

household sectors. Secondly, the cheaper imports of coconut oil and substitutes like palm oil depressed the local market prices. Thirdly, the presence of intermediaries in the marketing channels led to a low price realisation to the producers. After harvesting, the nuts were sold to village traders, because village traders were personally connected to farmers. Besides, they have an unwritten agreement by providing advance money to the growers in turn, and they have to sell the produce to them. Harvest contractors and wholesalers are also operating in a similar way, which attracted fewer price to the farmers. Besides this, the intermediaries also faced labour problems for dehusking of nuts, loading and unloading. **Due to bulkiness of coconuts resulted in transportation problem lead to in transportation cost.**

Apart from **those mentioned above**, the constraints pertaining to the marketing of coconut were lack of government procurement system, lack of co-operative marketing, lack of proper market information, monopoly of market intermediaries, fluctuation in market price, and high commission among intermediaries were the major problems faced by the coconut growers.

## **1.2 COCONUT PRODUCER COMPANIES:**

Farmer Producer Companies are formed by grouping the coconut farmers with similar interests for uplifting the livelihoods of rural producers and their development in terms of collectivization of produce, providing inputs at a subsidized cost, rendering access to credit, infrastructure facilities and technology access. **Navaneetham et al., (2019)** in their study indicated that various driving factors for starting a farmer producer company were 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, there were many FPCs formed in this region, especially Farmer Producer Companies for promotion and marketing of coconut. **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 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. In Namakkal district, Mohanur, ParamathiVelur, Kabilarmalai in 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  $i^{\text{th}}$  attribute by the  $j^{\text{th}}$  individual

$N_j$  = number of attributes ranked by the  $j^{\text{th}}$  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

**Table 1 Perception about FPCs**

Particulars	Percent
<b>Awareness about FPCs</b>	
Yes	220 (73.33)
No	80 (26.67)
<b>Member of FPCs</b>	
Yes	154 (51.30)
No	146 (48.66)
<b>Source of knowledge about FPCs</b>	
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 could be understood that the 73.33 percent of the farmers in this region are aware of FPCs and 51.30 percent of the farmers were already the member in the FPCs. Most of the members of FPCs said that the source of knowledge about FPCs is through state extension departments through the ATMA/Extension meetings, followed by farmer mobilisation through the concerned FPC, 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.

**Table 2 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 price provided by the FPC was good and fair enough compared to the market price, which was the major reason for joining the FPC. Followed by value addition of produce, with less investment, the farmers were able to value add the produce and sold to FPC. Quality inputs supplied by the FPC ranked third was another benefit in joining the farmer producer company. FPC acted as a liaison between farmers and government departments in obtaining the government schemes for the benefit of farmers ranked fourth and an institutional mechanism ranked fifth by the farmers.

### 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.

**Table 3 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

From the above table, it was identified that lack of awareness on benefits obtained in joining the FPC ranked first with the mean score of 72.87. Awareness campaign on the benefits of FPC membership may be conducted to popularize among the farmers. Share capital contribution by the members of the FPC ranked second among the list where farmers were reluctant and hesitated in providing the share capital. Farmers felt that FPC benefitted only creamy farmers of the group ranked as the third major reason not to join the FPC. Some farmers felt that they already have a good rapport with the existing intermediaries, which was the fourth reason for not joining the FPC. Lack of transparency and political intervention in the Board of Directors was ranked as fifth and sixth reasons.

## **CONCLUSION**

Farmer Producer Companies promoted by various agencies helps in marketing and value addition of coconut products. Garret's ranking was used to rank the benefits obtained by the farmer members of FPCs, reasons for not joining in the FPC and factors influenced by coconut purchase among consumers.

The reason stated by the FPC members in joining were, price provided by the FPC was good and fair enough compared to the market price, was the major reason for joining the FPC, followed by value addition of produce, with less investment, the farmers were able to value add the produce and sold to FPC.

Nearly half of the sample farmers haven't joined the FPC and they ranked lack of awareness on benefits obtained in joining the FPC as first and share capital contribution by the members of the FPC ranked second. Farmers felt that FPC benefitted only creamy farmers of the group ranked third major reason not to join the FPC. Hence, this problems should be taken care, so that the FPCs play a major role in marketing of agricultural products.

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