

## **Status of Coconut Farmer Producer Companies (CPCs) in Western Tamil Nadu**

### **Abstract-Caps and very short, add all methodologies**

Coconut Producer Companies (CPC) are formed with the main objective of socio economic development of farmers by providing a fair, steady and reasonable income by organizing the unorganized coconut sector through farmer collectives. The specific objective of the study was to analyse the performance and to assess the problems faced by the CPCs in Western Tamil Nadu. For this study, the data was collected using Focus Group Discussion and personal interview. In India there are 67 registered CPCs, out of which 17 CPCs (25.4 percent) are from Tamil Nadu, in that nearly 15 percent are from Western Tamil Nadu. The study results showed that in Western Tamil Nadu majority (60 per cent) of the CPCs are financially supported by NABARD. All the CPCs are at the initial stage of its formation and having less than four years of its existence. Results also indicate that Majority of the CPCs are facing the problems of inadequate access to market, inadequate access to credit and weak financials at the initial stage. The study concluded that Unified Market License without payment of Mandi fees, convergence of resources for creation of farm level infrastructure i.e. specific schemes may be introduced for different activities like transportation, grading etc. and also the benefit of equity fund and credit Guarantee fund scheme of SFAC s may be extended to all forms of CPCs to overcome the weak financial access at the initial stage.

**Key Words:** Entrepreneurship, Coconut Farmer Producer Companies, Western Tamil Nadu

## INTRODUCTION

Even though Co-operative movement is deep rooted in many of the coconut growing States, most of the coconut farmers are unorganized even now. As such the efforts taken for increasing the production and productivity of coconut from small and marginal holdings are showing poor results. It is felt that a movement in the nature of Society of small and marginal farmers will help improve both production and productivity. With this objective in view the Board has initiated the formation of Coconut Producer Societies (CPS) by associating 40-100 coconut growers in a contiguous area with a consolidated minimum of 4000-5000 palms. The objective is socio economic upliftment of the farmers through productivity improvement, cost reduction, efficient collective marketing and processing and product diversification. A farmer equity contribution is also proposed to be mobilized. A matching equity contribution will be sought from the state Government as one time assistance for making the CPS effective.

The Coconut Farmers Producer Organizations thus formed have a three tier structure consisting of Coconut Producers Society (CPS), Coconut Producers Federation (CPF) and Coconut Producers Company (CPC). **Lacks references. Consider a few studies**

### **Coconut Producers Society (CPS)**

CPS is formed by associating 40-100 coconut growers in a contiguous area with range of 4000-6000 yielding palms. Farmers with a minimum of 10 palms are only eligible to be a part of this society. Once the society is formed, it is registered under charitable societies act and also with Coconut Development Board. All the societies have a common bye - law.

### **Coconut Producers Federation (CPF)**

CPF is formed by combining 8-10 Coconut Producer Societies (CPS). A CPF would have around 1,00,000 palms under it. CPF is also registered as a charitable society and further registered with Coconut Development Board (CDB).

## Coconut Producers Company (CPC)

Nearly 8-10 Coconut Producers Federations(CPFs) would join together to form a Coconut Producers Company (CPC). A CPC would consist of around 10,00,000 yielding palms. This company would be registered under section 581B of Indian Companies Act of 1956. The Producer Company is wholly and fully owned by the farmers.

Coconut Producer Companies (CPC) are legal entities, registered under the Companies Act 1956 as amended in 2002. In a Producer Company, only persons engaged in an activity connected with, or related to, primary produce can participate in the ownership. A producer company is a hybrid between a private limited company and a cooperative society. It combines the benefits of a cooperative enterprise and the vibrancy and efficiency of a company. The members of the company are the shareholders and the primary beneficiaries. The business operations are run professionally through the appointed Board, CEO and office bearers.

**Table:1 Status of Coconut Producer Companies in India (as on March, 2017)**

Financial Year	No. of CPS registered	No. of CPF registered	No. of CPC registered
2010-11	114	0	0
2011-12	1044	0	0
2012-13	1186	121	0
2013-14	2237	184	15
2014-15	3025	250	10
2015-16	1443	140	33
2016-17	305	33	8
2017-18	228	7	1
<b>TOTAL</b>	<b>9582</b>	<b>735</b>	<b>67</b>

(Source: Coconut Development Board)

In India, 67 Coconut Producer Companies are formed as on March, 2017. Out of which, 50 % of CPCs (33 CPCs) are registered during 2015-16.

**Table: 2 Status of Coconut Producer Companies (State wise) in India  
(as on March, 2017)**

State	No. of CPS registered	No. of CPF registered	No. of CPC registered
Kerala	7213 (75.3)	462 (62.9)	29 (43.3)
Tamil Nadu	606 (6.3)	66 (9.0)	17 (25.4)
Karnataka	397 (4.1)	125 (17.0)	13 (19.4)
Andhra Pradesh	1097 (11.4)	82 (11.2)	8 (11.9)
West Bengal	206 (2.1)	0	0
Odisha	29 (0.3)	0	0
Assam	26 (0.3)	0	0
Gujarat	7 (0.1)	0	0
Maharashtra	1 (0.01)	0	0
<b>TOTAL</b>	<b>9582 (100.0)</b>	<b>735 (100.0)</b>	<b>67 (100.0)</b>

(Figures in parenthesis indicates percentage to total)  
(Source: Coconut Development Board)

Being the major producer of coconut, Kerala has registered the maximum number of CPCs (29 numbers), which contributed nearly 44 per cent, followed by Tamil Nadu (25.4 per cent), Karnataka (19.4 per cent) and so on.

**Table: 3 Status of Coconut Producer Companies in Tamil Nadu  
(as on March, 2018)**

Financial Year	No. of CPS registered	No. of CPF registered	No. of CPC registered
2012-13	28	0	0
2013-14	155	29	0
2014-15	135	21	0
2015-16	199	10	15
2016-17	89	6	2
<b>Total</b>	<b>606</b>	<b>66</b>	<b>17</b>

From the table it is concluded that all the CPCs in Tamil Nadu are at its initial stage of its existence.

### **Rationale of Study**

Coconut Farmer Producer Companies are formed with the main objective of socio economic development of farmers through productivity improvement, cost reduction, efficient aggregation, processing for value addition, better by-product utilization and efficient marketing of the produce. It aims at providing a fair, steady and reasonable income to farmers by organizing the unorganized coconut sector through farmer collectives.

True empowerment happens only when farmers are involved in all stages of value addition supply chain, such as, production, aggregation, processing, marketing, distribution and sales. Only when farmers starts an enterprise of their own, they will learn to plan, collaborate, work in a team, take decisions and risks, interact with people from other spheres and sectors, thus learning and growing with the enterprise. This helps in inducing self confidence within the farmers thus enabling their overall development.

### **Objective of the Study**

The overall objective of the study was to assess the status of Coconut Farmer Producer Companies (CPCs) in Western Tamil Nadu. The study also proposed the following specific objectives;

- To determine the problems faced by the CPC's and suggest suitable measures for rectification

### **REVIEW OF LITERATURE**

Kaganzi et. al., (2009) stated that the FPOs might also do well to learn from the experience in other contexts where producer groups used collective action to overcome credit barriers. In Uganda, potato farmers established a savings and credit co-operative (SACO) with the help of the Government of Uganda. They producers deposited their savings in SACO and the pooled savings are disbursed as credit to the members. The

additional revenue was generated through the interest gained which further enhanced their ability to provide credit to their members.

Nalini et.al. (2012) stated that small and marginal farmers in India have been vulnerable to risks in agricultural production. Several organizational prototypes emerged to integrate them into the value chain with the objectives of enhancing incomes and reduction in transaction costs. One such alternative was Farmer Producer Organizations (FPOs). They explored the potential of FPOs as collective institutions through a case study of Avirat, one of the first FPOs in Gujarat. They also suggested that FPOs have the potential to provide benefits through effective collective action. The main challenge, however, was to raise sufficient capital that can maximize these benefits.

Singh (2012) reported that Small Farmers Agribusiness Consortium (SFAC) and the Reserve Bank of India (RBI) have formulated policies to extend credit to producer organizations.

Farmer Producer Organizations outlined the role of financial institutions including NABARD in supporting FPOs to include extension of credit for infrastructure investment and working capital requirements. The process guidelines those collectives as nodal points for credit transmission along with outlining loan provision as a key financial service to be offered under the FPO Service Model (Department of Agriculture & Cooperation, 2013).

Coconut Development Board (2016) reported that formation of three-tier farmer collectives in the coconut sector has gained momentum in the country, under the aegis of the Coconut Development Board (CDB), it seems they are yet to acquire the bargaining power to control the coconut industry at the national level, and thereby to correct the policy aberrations of the government.

## **Methodology**

Being of the major producer of Coconut, Western Tamil Nadu has been selected for the study. Chief Executive Officers (CEOs) of Coconut Farmer Producer Companies (CPCs) were selected to collect the details through Focus Group Discussion and

Personal Interview. In Tamil Nadu totally there are 17 CPCs are formed, out of which 10 CPCs are located at Western Tamil Nadu and same has been selected for the study.

## Results and Discussion

The data collected for the study was analyzed and results are presented as follows;

### Existence of CPCs in Western Tamil Nadu

The year of existence of CPCs in Western Tamil Nadu was collected and the results are presented in the table.4

**Table:4. Existence of CPCs in Western Tamil Nadu**

<b>S.No</b>	<b>Year of Existence</b>	<b>Percentage</b>
1.	<2 Years	2 (20%)
2.	3 Years	1 (10%)
3.	4 Years	7 (70%)
<b>Total</b>		<b>10 (100 %)</b>

It is observed from the table that most of the Coconut Farmer Producer Companies are in initial stage of existence, having less than or equal to four years of existence.

### Classification of the Members

The data on members (farmers) of the CPCs and their land holdings are analyzed and the results are presented.

**Table:5. Classification of the Members**

<b>S.No</b>	<b>Classification</b>	<b>Percentage</b>
1.	Marginal Farmers (<1 ha)	25.20
2.	Small Farmers (1-2 ha)	31.10
3.	Medium Farmers (2-4 ha)	25.10
4.	Larger Farmers (>4 ha)	18.60
<b>Total</b>		<b>100.00</b>

From the above table it is concluded that majority (56.3 per cent) of the farmers fall under marginal and small farmers, followed by medium sized holdings (25.10 per cent and larger holdings (18.60 per cent)

### **Financial Support Obtained from Funding Agencies**

Funding Agencies help the CPCs for their financial needs. The details were collected and the results are presented in Table 6.

**Table:6 Financial Support Obtained from Funding Agencies**

<b>S.No</b>	<b>Funding Agency</b>	<b>Percentage</b>
1.	NABARD	6 (60 per cent)
2.	Coconut Development Board	2 (20 per cent)
3.	Self Funding	2 (20 per cent)
<b>Total</b>		<b>10 (100 per cent)</b>

Majority of the CPCs (60 per cent) obtained financial assistance from NABARD followed by Coconut Development Board (20 per cent) and self funding (20 per cent)

### **Problems Faced by the CPCs**

The details on the problem faced by the CPCs in Western Tamil Nadu were presented in the table.4.

**Table:7 Problems Faced by the CPCs**

<b>S.No</b>	<b>Problems Faced</b>	<b>Ranks</b>
1.	Weak Financials at the initial stage	1
2.	Difficult to mobilize the farmers	2
3.	Inadequate Access to Market and Credit	3
4.	Difficult to mobilize the equity Fund	4
5.	Lack of Risk Mitigation Mechanism	5
6.	Inadequate Awareness among Farmers	6
7.	Lack of Professional Management	7

The table concluded that weak financials at the initial stage was identified as the major problem faced by the CPCs in Western Tamil Nadu followed by mobilization of farmers to form a group, inadequate access to market and credit and so on.

### **Expectation from CPCs**

To rectify the problems faced by the CPCs, the following suggestions/expectations are recorded from CPCs.

**Table:8Expectation from CPCs**

<b>S.No</b>	<b>Problems Faced</b>	<b>Ranks</b>
1.	Financial support at initial stage	1
2.	Relaxation of SFAC norms	2
3.	Specific schemes for creation of facilities at farm level	3
4.	Conduct of awareness programs among farmers	4
5.	Unified Market License	5

It is observed from the table that financial support at the initial stage was the prime expectation from the CPCs as the funding agencies are coming forward to support CPCs after formation, followed by relaxation of SFAC norms, specific schemes for creation of facilities at farm level and so on.

### **Conclusion**

The study results showed that in Western Tamil Nadu majority (60 per cent) of the CPCs are financially supported by NABARD. All the CPCs are at the initial stage of its formation and having less than four years of existence. Results also indicate that Majority of the CPCs are facing the problems of inadequate access to market, inadequate access to credit and weak financials at the initial stage. The study concluded that Unified Market License without payment of Mandi fees, convergence of resources for creation of farm level infrastructure i.e. specific schemes may be introduced for different activities like transportation, grading etc. and also the benefit of equity fund and credit Guarantee fund scheme of SFAC s may be extended to all forms of CPCs to overcome the weak financial access at the initial stage.

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