

# Embracing diversification strategies to enhance sustainability:

## the case of Gramalakshmi Marketing Producer Company, Kasaragod Kerala

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### Introduction

Farmer Producer Organizations, often known as FPOs, have the potential to play a significant role in empowering small and marginal growers to increase the adoption of scientific crop management technology for improved productivity, as well as to increase income and employment prospects through value addition. With assistance from organizations such as the Coconut Development Board, the State Department of Agriculture, and other organizations, a significant number of FPOs have been established in the coconut industry. However, as a result of a wide range of factors, several of these FPOs have either ceased to exist or are finding it difficult to carry on their operations to accomplish their goals. Therefore, it is necessary for the related organizations to implement suitable policies and interventions in

order to revive the operations of Farmer Producer Organizations (FPOs) in coconut sector. In addition, it is necessary for the FPOs to expand their businesses and operations while considering the specific circumstances of the local area. They must also build strong and efficient functional linkages with various organizations and agencies in order to sustain their activities. This article focuses on the successful experiences of Gramalakshmi Marketing Producer Company, which operates in Udayapuram, located in Kasaragod District of Kerala state.

### The Genesis: Gramalakshmi Farmer's club

The genesis of this farmer collective can be traced back to December 2009, when a farmers' club was registered in the locality where the majority of the people rely on farming as their primary source

of income. The campaign was spearheaded by Mr. E. J. Joseph, a member of the board of directors of the neighboring Panathady Service Co-operative Bank. Under a NABARD-supported initiative to popularize farmers' clubs, The Gramalakshmi club was established with the assistance of a co-operative bank. Under the leadership of Mr. Joseph, the club supported the local farming community through a variety of activities. This association for farmers had 230 members. The club was incredibly successful in establishing functional links with various public sector agencies in the farm sector, such as development departments and research institutions, in order to execute a series of extension interventions for the benefit of the growers. Gramalakshmi Farmers' Club received financial assistance in the form of a



grant from NABARD in the year 2010 as part of the Rural Mart scheme. This assistance allowed the club to engage in activities that included purchasing agricultural produce from farmers at remunerative rates and selling them quality inputs at prices that were reasonable. The rural mart, located in a rented room at Udayapuram, consistently guaranteed that farmers would receive a price for their agricultural products that was one rupee more than the prevailing rate in the local market. The mart primarily dealt with the sale of rubber, coconut, pepper, turmeric, and other similar commodities. In a similar manner, the company made arrangements to supply farmers with branded organic manure, agricultural implements and machinery such as spades, pick axes, and rubber tapping equipments, as well as agricultural chemicals such as copper sulfate and lime (for the preparation of fungicide), formic acid (for the processing of rubber latex), and so on at reasonable prices. In addition, the farmers' club carried out a range of extension activities. These included promoting poultry rearing among specific households with the



assistance of NABARD, hosting training programs on apiculture, scientific coconut cultivation, integrated nutrient management, and plant protection in paddy and vegetable cultivation. The club also recognized outstanding farmers, organized study tours to agricultural research institutions, provided farmers with seeds and planting materials, held seminars and exhibitions on agriculture, and facilitated organic certification for selected farmers. In 2015, the Gramalakshmi Farmers' Club was honored with the 'Karshaka Mithra award', a prestigious state-level recognition for being the top farmers' club, facilitated by NABARD.

### The evolution: Gramalakshmi Marketing Group

Gramalakshmi Marketing Group was formed with selected members of the farmers' club from different areas within the farmers' club's jurisdiction so as to carry out the operations of the farmers' club that were related to the procurement of agricultural produce from farmers and the sales of inputs. Responding to the positive feedback received from the local farming community, the marketing organization made the decision to expand and diversify its activities. In 2017, the group established a pepper processing production facility with the financial assistance of the State Horticulture Mission, Kerala, as part of their efforts to diversify their operations. The group





acquired land in Udayapuram and established a building to house the processing unit. Following that, the group established a curry powder facility consisting of eight distinct spice components, with the assistance of the State Agriculture Department through ATMA, Kasaragod.

### **The paradigm Shift: Gramalakshmi Marketing Producer Company**

The officials of NABARD, particularly the District Development Managers Mr. Gopalan and Mr. Jyothis Jaganath, were impressed by the performance of the farmers club and marketing group. They informed the club office bearers about the advantages of establishing a Farmer Producer Company to increase the income of small-scale farmers. They also discussed the incentives provided by NABARD to support the formation of the producer company. Inspired by this information, Mr. Joseph and his colleagues in the farmers' group initiated the process of forming a Farmer Producer Company. Gramalakshmi Marketing Producer Company was registered in 2016 with 11 promoters, including Mr. E. J. Joseph as the coordinator. Each promoter possessed 10 shares valued at Rs 1000/- per share, which constituted the company's starting capital. The newly established company sustained and strengthened the activities of the marketing group.

Taking into account the difficulties faced by local coconut growers as a result of the low price of coconut in the market, the company established a coconut processing facility for the production and marketing of coconut oil. The coconut processing unit is housed in a new building constructed in a nearby locality and Coconut Development Board is supporting this initiative. Besides the Gramalakshmi Marketing Producer Company has been selected by KERAFED for procuring coconut from farmers during this year. NABARD has supported the company to purchase a van as part of the mobile marketing unit which has helped to strengthen marketing efforts.

The company sells inputs and products through its shop in Udayapuram, as well as through private retail dealers and a mobile marketing unit. Gramalakshmi Marketing Producer Company has been expanding and diversifying its activities and enterprises since its establishment in 2016. Additionally, an increasing number of farmers have become shareholders of the company. Presently, the firm possesses 500 stockholders, together holding a share capital of Rs 8.63 lakh. The annual revenue is amounted to Rs. 94 lakhs. The company's working capital is increased by Rs 25 lakh through the utilization of an overdraft facility obtained from the bank, in addition to the share capital amount.

The company regularly organizes capacity development programs on crop production and value-addition technologies for farmers. These programs are part of the company's extension activities and are conducted in collaboration with ICAR-CPCRI Kasaragod, KVK, College of Agriculture Padannakkad, RARS Pilicode, NABARD, and the Department of Agriculture. In order to enhance diversification efforts, the company intends to establish a facility for the manufacture and sale of organic manure, with technological assistance from ICAR-CPCRI Kasaragod. Furthermore, there are plans to create a nursery unit for the production and distribution of planting materials.

The company's successful functioning is largely attributed to the efficient leadership of Mr. E. J. Joseph as the chairman and the active participation of the director board members. Functional linkages with research and development agencies for drawing support to diversify the activities have also been a key strength of the company.

This does not imply that the company is not confronting any challenges. They face obstacles such as delays and difficulties in obtaining the essential certificates and permissions from local self-governments and other institutions to initiate production and marketing. They also encounter challenges in marketing, particularly when it comes to coconut oil, as local traders tend to prefer cheaper adulterated brands that yield higher profits. In addition, they lack the financial resources to expand the scope of the company by diversifying their operations.

Nevertheless, they maintain a positive outlook, confident in their ability to surmount these challenges through their collaborative endeavors.