

FPOs in Coconut Sector - a model to replicate

● Abdul Razak C, Executive Officer, Thejaswini CFPC Ltd., Kannur

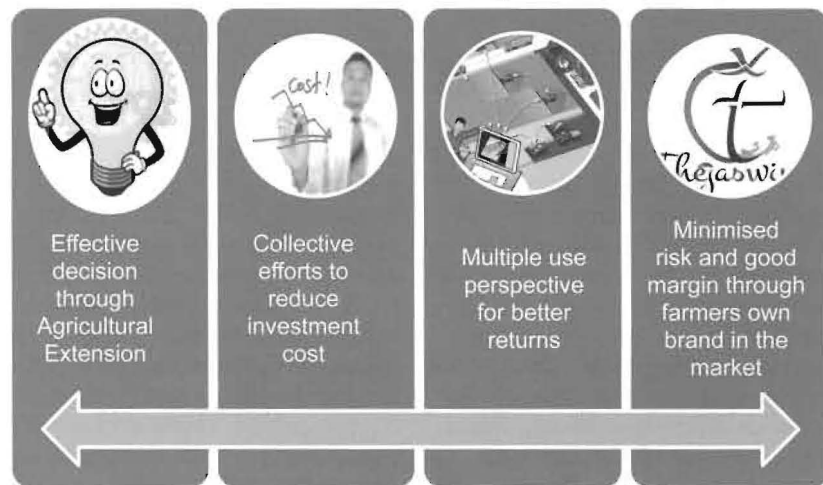
Nowadays the news of farmers suicide in India is frequently appearing in media and as per the reports, around one and a half lakh farmers have committed suicide within the last four decades. A study on the situation of farmers undertaken by the National Sample Survey Organization (NSSO) of the government of India indicates that forty percent of farmers, given a choice wish to get out of agriculture.

In India, demand and supply prospects of food items become important indicators to the country's food security concerns when the population trends project our country to emerge as the most populous country in the world in the coming decades. Food demand is expected to increase substantially by the middle of this century. With a population of over 1.28 billion and rising disposable income, the demand for food grows every day. Why then are the farmers in distress? In India, most of the farmers are small and marginal land holders and dispose of all his crops in unprocessed form, and thereby lack the benefits caused by value addition.

Small farmers are fast getting alienated from their lands due to such problems and big farmers and other economic interests are taking over control of land from small producers. This can have disastrous consequences in the growth of agriculture and can negatively affect the food security and well being of small producers.

In all three stages of the activity, the small holder farmer has to face challenges. Therefore, for the upliftment of the small holder

Potential Impacts of Producer Organizations



farmers as well as for the upliftment of rural India, it is very important to mobilize farmer collectives to attain the group power. Producer companies of various agriculture produce are considered to be the plausible solution for all such problems. Successful implementation of this concept will not only help in upgradation of the primary household income, but will build up the source of subsistence and food security for as a secondary source for small holder farmer.

The concept of producer companies is based on the recommendations of an expert committee led by noted economist Y K Alagh to collectivize the producers, especially small and marginal farmers in to producer organizations which has emerged as one of the most effective pathways to address the many challenges of agriculture. It also aims at the

improved access to investments, technology, inputs and markets.

Producer Organization model is helpful for farmers and consumers. This helps to avoid middlemen and thereby making the farmer capable of having sufficient capital and back support for the primary processes like collecting seeds, tools and the necessary items. Likewise the customers get a better price on produce which results in a better relationship with their local farmer.

Indian Coconut Sector & FPOs

Coconut plays a significant role in the agrarian economy of India. Apart from the importance of copra and coconut oil, diversified products are available from coconut through value addition. At present 41 Coconut Producer Companies are registered under the Coconut Development Board (CDB) of India. CDB is integrating coconut farmers,

Progress of Coconut Producers' Society, Federation and Company Formation

| States | Area under coconut ('000 ha) | Coconut Production (million nuts) | CPS in formation process | CPS registered with CDB | CPF in formation process | CPF registered with CDB | CPC registered |
|----------------|------------------------------|-----------------------------------|--------------------------|-------------------------|--------------------------|-------------------------|----------------|
| Kerala | 798.18 | 5798.04 | 7437 | 6827 | 428 | 411 | 26 |
| Tamil Nadu | 465.11 | 6917.25 | 588 | 317 | 62 | 50 | 6 |
| Karnataka | 517.30 | 5041.36 | 413 | 368 | 198 | 113 | 6 |
| Andhra Pradesh | 133.43 | 2001.06 | 620 | 664 | 55 | 50 | 3 |
| Odisha | 50.78 | 714.88 | 53 | 2 | 5 | - | - |
| West Bengal | 29.30 | 370.83 | 188 | 96 | 7 | - | - |
| Maharashtra | 28.08 | 187.47 | 33 | - | - | - | - |
| Total | 2022.18 | 21030.89 | 9332 | 8274 | 755 | 624 | 41 |

coconut producer Societies (CPS) Coconut Producer Federations (CPF) to form Producer Companies (CPC). Member based CPCs offer a proven pathway for the small farmers to face a range of challenges that they confront in coconut farming.

Overcoming the constraints imposed by the small size of their individual farms, coconut producer company members are able to leverage collective strength and bargaining power to access financial

and non financial inputs, services and appropriate technologies, reduce transaction costs, tap high value markets and enter in to new vistas of agri business. As per the records of CDB, there are 340331 small holder farmers associating with 22 CPCs registered in Kerala and four CPCs are under the process of registration. At present 14 copra dryers with capacity of 1,33,000 nuts /batch are functioning under the CPCs.

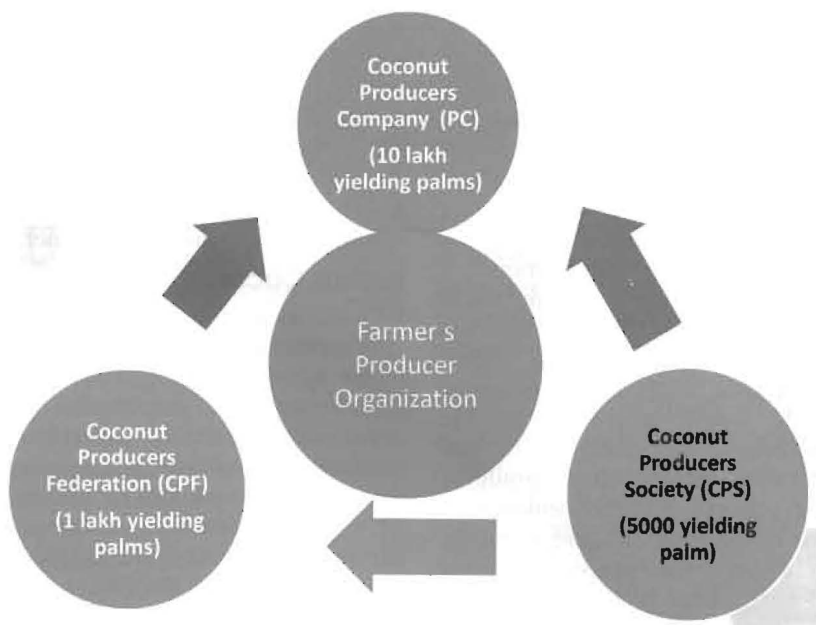
The coconut Farmer Producer

Companies in Kerala are concentrating mainly on the production of Neera, a highly nutritious health drink from coconut inflorescence. The production and distribution of neera is done through Coconut Producer Federations. At present, 16 producer companies are producing 30582 liters of Neera from 2787 palms in a week. The companies could also give employment opportunity to 433 plus Neera technicians, a green color job to tap Neera and almost 536 farmers are benefitted from Neera tapping at its beginning phase. The total equity mobilized by the CPCs has crossed INR 26.39 Cr.

By developing financially viable, democratically managed coconut producer companies in Kerala, small and marginal farmers can achieve the following in a variety of ways.

- Increase the bargaining power of farmers through collective crop marketing and input purchase.
- Allow farmers to effectively advocate for policy changes and participate in the decentralization of government services.
- Facilitate the introduction of new technologies and production techniques.
- Link members to new market throughout grower schemes and new paradigms such as international fair trade and organic markets.

FPO concept – the three tier structure



- Facilitate access to financial services, by reducing transaction costs and risk of default through group guarantees.

While these benefits accrue primarily to the members of the 42 CPCs and their families, there are spill over benefits for the population at large. The three tier model of coconut producer company offer a judicious mix of business principles with the cooperative spirit. The collective of coconut farmers will help to identify appropriate, viable and competitive marketing facilities with high negotiation capacity. The coconut producer companies will keep the interest of millions of small and marginal producers to improve the standard of their living.

Future Goals

The CPCs plan to do the following in future.

- Establish central product processing unit at each federation (CPF) level.
- Establish warehouses at each

Activities Undertaken by CPS

Nursery



Organic Manure Unit



Coconut point



Copra (Milling & Ball production)



Tender nut and mature nut marketing



Major problems faced by small holder farmers

- Inadequate training on farming
- Lack of extension services
- unavailability of good quality seedlings/ seeds
- Lack of Capital
- Poor infrastructure
- Pest and diseases
- Exploitation of Middlemen
- Poor business skills
- Low market efficiency

- society (CPS) level.
- Establish a network of seed to harvest, research to development, collective procurement and greater access to markets.
- Encourage farmers to embrace and adopt sustainable practices that help them grow more with less land, water, fertilizer and other costly inputs while preserving natural resources for future generations.
- Helping farmers improve their storage and post harvest activities through CPFs and CPSs to meet quality and quantity commitments, link to large scale and reliable markets and establish partnership with buyers, processors and other farmer organizations.
- Provide micro credit for member farmers.
- Make the agriculture institutions more accessible to the farmers by training government officials with farmers and farmer organizations and expanding online resources.
- Offer pre- approval loan for farmer organizations
- Offer tax credits for leasing or selling land to a farmer organization.
- Support coconut producer organization by purchasing things from the farmers market.

How the government can help the coconut producer companies

- Expand and improve training and development of farmers and the leaders of producer organizations.
- Fund the initial capital for the development of infrastructure
- Help the farmer organizations to make capital improvements for sustainable farming.
- Improve on credit opportunities of farmer organizations.

Coconut is a smallholder's crop and millions of rural people depend on it for their survival. Its development, particularly in post harvest activities could be the base for rural development in the country. The support can range from linking farmers to the latest innovations in scientific research, improving the efficiency of use of available resources, providing training on how to successfully market their produce etc. We need a standardized way to support and help small holder coconut farmers by supporting producer organizations to occupy them to face plural situations, rather than scaling up 'a one size fits all' approach. ■