

A Study on the Progress of CAMPCO and its Impact on Arecanut Sector in Karnataka and Kerala⁺

Prafulla K. Das*

Abstract

The main objective of CAMPCO is to improve the economic condition of the arecanut farmers by correcting market disabilities. The analysis of the price per unit of arecanut realised by the farmers in the pre-CAMPCO and post-CAMPCO periods depicts that the co-operative marketing channels have offered better price to the arecanut growers. CAMPCO provides many facilities to the arecanut growers of Karnataka and Kerala. These facilities are found to motivate the producers for adoption of certain scientific crop management practices. As a result of this, the average yield of arecanut per hectare tends to increase in the areas served by CAMPCO. Both the physical and financial growth of CAMPCO reveal that this organisation has induced significant desirable changes in arecanut programmes in the region.

Introduction

Arecanut is a small holder crop and it holds a unique place in the rural economy of Karnataka and Kerala. During the mid 50s and '60s an intensive drive was made by the Government agencies through the R & D support, to increase arecanut production with a view to achieve self sufficiency in the commodity. Consequently, the trend in arecanut production started steadily rising and almost doubled in 1970-'71 over the 1956-'57 level. However, due to lack of adequate attention on marketing aspects, arecanut price fluctuated significantly over the years and then began to decline persistently from 1971. The decline came to as much as 36 per cent in mid-1973 from

the 1970 price level as there was no effective organisation to protect the farmers from the exploitation of the middlemen.

The Government of Karnataka constituted a Committee in September 1972 under the Chairmanship of Sri T. T. Paulose to examine the problems of arecanut cultivation and marketing and suggest ways and means to have agency for marketing of the commodity. The Committee submitted its report to the Government in March 1973 recommending the formation of a central organisation to procure, process and market arecanut. In the meantime, a large number of growers and co-operators came forward with the proposal to organise a central agency for marketing in co-operative sector. This was accepted by the Governments of Karnataka and Kerala and

* Central Plantation Crops Research Institute,
Kasaragod 670 124, Kerala

+ CPCRI Contribution No. 228

accordingly the Central Arecanut Marketing and Processing Co-operative Limited (CAMPCO) was registered in July 1973 under section 7 of the Karnataka Co-operative Societies Act of 1959 read with section 4 (2) of the Multi - Unit Co-operative Societies Act of 1942.

An attempt has been made by the researcher to review the progress of CAMPCO to assess its economic impact in arecanut sector of Karnataka and Kerala States.

Materials and Methods

The data on the memberships, shares, share capital of CAMPCO, maximum credit limit, profits and procurement of arecanut concerning to CAMPCO were collected from the Head office of CAMPCO. The wholesale prices of arecanut were collected from the Agricultural Produce Market Committees of Karnataka while the farm prices of arecanut for Kerala was obtained from the Directorate of Economics and Statistics, Kerala. The productivity of arecanut for different states was computed from the published data of the Directorate of Economics and Statistics, Ministry of Agriculture, Government of India.

The scope of the paper is limited to the impact at the macro level.

Results and Discussion

Growth in the membership and shares of CAMPCO

CAMPCO has four classes of membership.¹

As regards the growth in the membership in the CAMPCO, 'A' class membership has gone up from 251 to 396, 'B' class

from 3 to 9 and 'C' class from 3264 to 13446 between 1973-'74 and 1980-'81. In other words there is an annual growth at the rate of 8 per cent in case of 'A' class, 30 per cent in case of 'B' class and 45 per cent in case of 'C' class membership of this Co-operative Organisation. The growth in all the three categories is more pronounced in Kerala as compared to Karnataka. (The reduction in growth rate of 'A' class membership of Karnataka was due to the amalgamation of the Societies). This could suggest that Kerala has been able to derive larger benefits from the CAMPCO than that of Karnataka.

The study further shows that the growth in the shares of all the four categories including the 'D' class is more than the growth in the membership. Between 1973-'74 and 1980-'81 the 'A' class share increased by 409 per cent, 'B' class by 578 per cent, 'C' class by 435 per cent and 'D' class by 178 per cent. However, the increase in 'A', 'C' and 'D' class shares were proportionately more in Kerala than that of Karnataka. The classwise distribution of average number of shares per member reveals the overall trend of the Organisation (Table 1).

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- i) 'A' class: Open to Agricultural Produce Co-operative Marketing Societies and Agricultural Co-operative Credit Societies in the areca growing areas of the two States. (One 'A' class share Rs. 1000/-)
 - ii) 'B' class: Open to commercial and Co-operative Banks operating in the two States (One 'B' class share Rs. 1000/-)
 - iii) 'C' class: Open to individual growers of arecanut in the two States (One 'C' class share Rs. 100/-)
 - iv) 'D' class: Open to State Governments of Karnataka and Kerala (One 'D' class share Rs. 1000/-)

Table 1. Trend in Average Number of Shares Per Member in CAMPCO

Year	KARNATAKA				KERALA				TOTAL			
	A	B	C	D	A	B	C	D	A	B	C	D
1973-74	5.3	50.5	2.0	3750	2.1	25.0	1.3	3750	4.8	42.0	1.9	7500
1974-75	6.4	50.5	1.9	3750	1.9	25.0	1.3	3750	5.4	42.0	1.8	7500
1975-76	9.8	50.5	1.9	5750	1.9	25.0	1.3	3750	7.9	42.0	1.8	9500
1976-77	11.9	106.5	1.9	7350	2.1	22.5	1.3	4250	9.4	64.5	1.8	11600
1977-78	12.0	145.2	1.9	7950	1.8	39.0	1.3	4250	7.7	98.0	1.8	12200
1978-79	17.8	145.2	1.9	7950	2.5	36.8	1.3	4700	10.8	97.0	1.8	12650
1979-80	17.9	145.2	2.0	7950	2.6	34.5	1.5	7700	10.8	96.4	1.9	15650
1980-81	25.5	145.2	2.7	9879	3.9	32.3	2.1	11000	15.4	95.0	2.4	20879

Table 2. Yearwise Profits of CAMPCO (Million Rs)

Year	Gross Profit	% change	Cumulative G.P.	Net Profit	% change	Cumulative N. P.
1973-74	0.732	—	0.732	0.101	—	0.101
1974-75	2.622	258.0	3.354	0.203	100.1	0.304
1975-76	5.514	110.2	8.868	1.193	487.7	1.497
1976-77	8.512	54.3	17.380	0.252	(—) 78.9	1.749
1977-78	5.610	(—) 34.1	22.990	(—) 3.037	(—) 1105.2	(—) 1.288
1978-79	13.047	132.5	36.037	5.338	175.8	4.050
1979-80	16.381	25.5	52.418	4.106	(—) 23.1	8.156
1980-81	22.074	34.7	74.492	4.140	0.8	12.296

The growth patterns under the study reveal that not only the areca growers of the twin CAMPCO states but also both the state governments, financial institutions and the village societies in the region have bestowed tremendous faith and confidence in the affairs of CAMPCO.

Growth in the credit worthiness of CAMPCO

Another way of critically evaluating the performance of a commercial institution is in terms of the growth in the bankability of an organisation as an indicator of its soundness of the economic health. In this respect, the maximum credit limit of CAMPCO is found to be increasing from Rs. 12.5 million in 1973-'74 to Rs. 125 million in 1981-'82. This trend could suggest that CAMPCO's performance is on sound footing since the investment in the

arecanut trade is increasing year after year to cope up with the expectations of the areca growers in the participating states.

Growth in the profits of CAMPCO

Unlike many of the co-operative organisations CAMPCO has been able to make a sizeable net profit after fulfilling its desired objectives. In its history of eight years, only in one year (1977-'78) CAMPCO incurred a loss to the tune of Rs. 3 million. In the following successive years the net profit ranged between Rs. 4.1 million to Rs. 5.3 million. The cumulative net profit at the end of 1980-'81 stood at Rs. 12.3 million (Table 2). Being set up in the co-operative sector CAMPCO is not expected to make a huge profit as its ultimate goal is to render the services to the areca growers for improving their lot.

Keeping this in mind one can feel highly satisfied with the business record of CAMPCO.

Growth in the procurement of arecanut by CAMPCO

The CAMPCO attempts to stabilise the arecanut price by manipulating the procurement operations. When the price starts declining due to excess supply, CAMPCO increases its procurement and holds the stock in order to cut down the supply. Similarly, when the price starts rising in a big way due to short supply, CAMPCO reduces its procurement and simultaneously releases the stock to enhance the availability of the commodity in the open market. However, CAMPCO always influences the arecanut market in such a way that the price of this commodity moves along with the general trend with a view to maintaining parity with the other essential commodities.

In the first year of its establishment, the procurement of arecanut by CAMPCO over a period of seven months was of the order of 5000 tonnes. In the year 1980-'81 it was 24,000 tonnes - a rise by 380 per cent in a small period of seven years. By any standards, this performance is commendable. The cumulative volume of procurement of arecanut by CAMPCO for seven and a half years comes to nearly 1,27,000 tonnes (Table 3).

Assuming a marketed surplus of arecanut at the rates of 87 per cent and 92 per cent for Karnataka and Kerala, respectively, the total marketed surplus for these two states were estimated from the total production figures and the shares of the CAMPCO in the procurement of the commodity for

different years were worked out. According to this exercise, the procurement of arecanut by CAMPCO as percentage of the marketed surplus in CAMPCO States has gone up from 4.4 in 1973-'74 to 20.3 in 1980-'81 (Table 4).

Trends in Arecanut prices

For studying the arecanut price situation in the post CAMPCO period, the Index Numbers of the wholesale prices of some of the important varieties of arecanut of this region were constructed taking 1972-'73 as the base year. It is interesting to observe that in the case of 'Mangalore Choll' (old stock) as well as 'new', 'Sagar red' as well as 'white', and 'Shimoga Bette' varieties the price trends were uniform and stable. The rise in the prices of these varieties was between 323 to 360 per cent in 1980-'81 from the 1972-'73 level (Table 5).

Similarly, the farm gate price of arecanut in Kerala rose steadily from 1973-'74 and became 212 per cent higher in 1980-'81 over the 1972-'73 farm price level (Table 5). A comparison between the price trends in the pre and post CAMPCO periods would clearly indicate that the setting up of CAMPCO has resulted in an effective stabilisation of arecanut market and has offered the most reasonable price incentive to the areca growers of the region.

Trends in the productivity

Index numbers on the productivity of arecanut were computed simultaneously for the CAMPCO States and non-CAMPCO States taking triennium ending 1973-'74 as the base (Though the CAMPCO came into the existence during 1973-'74 its developmental activities concerning the

Table 3. Procurement of Arecanut by CAMPCO

Year	Procurement Qty. ('000Tonnes)	% change	Cumulative Qty. ('000Tonnes)	Procurement value (million Rs.)	Cumulative value (million Rs.)	Unit value	% change
1973-74	5.0	—	5.0	35.9	35.9	7180.00	—
1974-75	8.1	61.2	13.1	56.7	92.6	7090.00	(—) 2.5
1975-76	11.2	37.5	24.3	79.1	172.4	7125.00	1.8
1976-77	17.7	58.3	42.0	133.9	306.3	7564.97	6.2
1977-78	19.4	9.6	61.4	145.7	452.0	7510.31	(—) 0.7
1978-79	19.0	(—) 1.7	80.4	192.2	644.2	10115.79	34.7
1979-80	22.5	17.8	102.9	275.0	919.2	12222.22	20.8
1980-81	24.0	6.5	126.9	379.6	1298.8	15816.67	29.4

Table 4. Procurement of Arecanut by CAMPCO as percentage of the Estimated marketed surplus in Karnataka and Kerala

Year	Marketed Surplus* ('000 Tonnes)	Procurement by CAMPCO ('000 Tonnes)	Col. 3 as % of Col. 2
(1)	(2)	(3)	(4)
1973-74	114.4	5.0	4.4
1974-75	110.0	8.1	7.4
1975-76	104.3	11.2	10.7
1976-77	105.2	17.7	16.8
1977-78	109.7	19.4	19.8
1978-79	113.3	19.1	16.8
1979-80	113.5	22.5	19.8
1980-81	117.8	24.0	20.3

* Assumption. For Karnataka 87% and Kerala 92% of total production of nuts.

productivity of the crop obviously began from 1974-'75. Thus, the first year of the CAMPCO was included in the base period in order to assess the post CAMPCO situation on the yield of arecanut).

The analysis reveals that in the case of CAMPCO States there were rising trends in the productivity during the post CAMPCO years, Karnataka having a marginal rise whereas Kerala having a significant increase. But in the non - CAMPCO States, barring Tamil Nadu where the increase was very substantial at the same time highly

fluctuating, in Andhra Pradesh and West Bengal there was no change in the productivity, in Assam there was some decline, in Maharashtra there was slight increase for a few years and there was sudden decrease in the productivity (Table 6). In other words, the promotional activities of CAMPCO such as the supply of fertilisers and pesticides besides assured and better price for the produce, has motivated the arecanut growers of Karnataka and Kerala to modernise their farming. The neighbouring State of Tamil Nadu had the benefit of the spread effect and thus it is the only

Table 5. Index Numbers of the wholesale prices of Arecanut in Karnataka Markets and Farm Prices of Kerala State. (Base year : 1972-'73 = 100)

Year	Index Numbers of Wholesale Prices					Index Numbers of Farm Prices in Kerala
	Mangalore		Sagar		Shimoga	
	Choll	New	Red	White	Bette	
1973-74	151	158	142	173	146	127
1974-75	181	170	200	176	196	140
1975-76	185	186	197	189	223	158
1976-77	199	190	208	203	220	185
1977-78	193	208	218	215	210	170
1978-79	255	275	293	311	296	221
1979-80	323	326	353	352	331	253
1980-81	425	423	446	460	449	312

Table 6. Trends in the Productivity of Arecanut in Major Arecanut Growing States (Base : Triennium ending 1973-'74)

Year	Karnataka	Kerala	Tamil Nadu	Andhra Pradesh	West Bengal	Assam	Maharashtra	All India
1974-75	100	100	183	100	100	96	108	101
1975-76	104	101	172	100	100	89	102	105
1976-77	106	113	125	100	100	98	106	112
1977-78	106	133	148	100	100	95	108	119
1978-79	107	132	144	100	100	89	93	118
1979-80	107	135	146	100	100	89	97	120
1980-81	107	142	146	100	100	91	93	120

Table 7. Estimated Average Productivity of Arecanut in Major Arecanut Growing States in two periods (kg/ha)

States	Average for 1969-'70 to 1973-'74	Average for 1974-'75 to 1978-'79	% change
Karnataka	1323	1424	7.6
Kerala	617	713	15.6
Tamil Nadu	564	739	31.0
Andhra Pradesh	1000	1000	0.0
West Bengal	258	258	0.0
Assam	1085	1010	(-) 7.0
Maharashtra	1313	1330	(-) 1.2
India	856	955	16.3

non - CAMPCO State which could achieve the increase in the productivity during the recent years.

Similar trends were noticed when the five yearly average yields for the pre and post CAMPCO periods for different States were worked out and compared (Table 7). However, this Table indicates that the yield level in the case of Karnataka was more than double the yield levels of Kerala and Tamil Nadu during the pre - CAMPCO period. This explains the relatively smaller rise in the productivity of Karnataka as compared to Kerala and Tamil Nadu in recent years. The creation of the organised market infrastructure for arecanut through CAMPCO has contributed maximum to the higher rate of growth in the productivity of arecanut in Kerala, though its average productivity is still much lower than Karnataka even today. In Kerala, the market conditions were worse than Karnataka in the pre - CAMPCO years. 'Chalissery' variety of arecanut which was usually fetching earlier 25 per cent less price than Mangalore supari, after the formation of CAMPCO, could fetch almost the same price as that of the latter. This price incentive coupled with the other favourable factors encouraged the arecanut growers of Palghat, Malappuram and Trichur Districts of Kerala to undertake crop improvement programmes in the post-CAMPCO period. As a result of the

favourable trade climate and economic gains, new plantations started coming up. For example, Idikki District in Kerala has turned out to be a major arecanut growing area in the last few years with a lot of new plantations. Even in some parts of Cannanore District a substantial area has been covered by new arecanut gardens, which promise higher productivity during the years to come.

The study shows that remarkable progress has been made by CAMPCO in stabilising the arecanut market in Karnataka and Kerala. Besides arecanut, CAMPCO has undertaken the procurement of cocoa since late 1980 with a view to avoiding a big crisis in cocoa sector. CAMPCO is making vigorous efforts to manufacture cocoa powder, cocoa butter, cocoa mass, cocoa liquor, enrobed chocolates, instant cocoa and other confectionery items in its proposed plant at Puttur near Mangalore in order to offer better price to the cocoa growers who generally grow cocoa as a mixed crop with arecanut and coconut.

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Discussions:

C K George:

The aim of CAMPCO is to assure a reasonable price to the grower. To achieve this goal to what extent it should go on increasing the purchase?

P K Das:

The procurement by CAMPCO of the order of 25 to 30 per cent will stabilise the price. It is always desirable to allow healthy competition by the private traders.