

# Onattukara Coconut Producer Company

## Genesis and Growth Trajectory

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### Introduction

‘Onattukara’, is an important agroclimatic zone blessed by natural resources and once popularly known as ‘Onamoottukara’. ‘Odanad’, and ‘Onad’ were other common synonyms. This region is comprised of Mavelikkara and Karthikappilly taluqs of Alappuzha district and Karunagappilly taluq of Kollam district in Kerala. Mavelikkara was its capital, a place closely related to King Mahabali, the historical figure connected with festive Onam, a unique celebration of Keralites and Kerala. Onattukara is a land of rich and diverse traditions in art forms, culture and religion and has registered prosperity in agriculture and trade activities. It has many historical and mythological legacies and is a region well known for its religious harmony. There are many Hindu temples, Christian churches and Muslim mosques and most of the festivals of these worship places are testimonials of mutual faith and harmony of these religions. The Sree Krishna temple Evoor (Onattukara’s Guruvayoor), Kandiyoour Shiva temple, Mavelikkara Chettikulangara Devi temple, Ochira Parabrahma temple, Puthiyakavu St. Mary’s Cathedral, C.S.I. Christ Church, St. Johns Valiya Palli, Pathichira, the Mosques in Mavelikkara and Karunagappilly are some of the prominent worship



centres. The Chariot festivals of some of the temples like Chettikulangara and Ochira are world known. Onattukara is also known as the best Malayalam speaking belt of Kerala.

Agriculture was the mainstay of the people of Onattukara; paddy, sesame and coconut were the major crops extensively cultivated. Now paddy cultivation has considerably reduced; but with the paddy retention programme of the Government, the lost glory is likely to be reinstated. Onattukara gingelly is believed to have considerable medicinal properties. The quality of coconut in Onattukara in size and oil content is also premium. Apart from coconut, paddy and sesame, crops like mango, tapioca and variety of tuber crops are also widely grown. Presence of two major agricultural research stations in Kayamkulam, one of the prominent municipal towns in the region, marks the significance of agriculture in Onattukara.

The Onattukara Agricultural Research Station (OARS), Kayamkulam and the Regional Station of Central Plantation Crops Research Institute (CPCRI) under the Indian Council of Agricultural Research (ICAR) mainly cater to the research on paddy, sesame and coconut. Being an agricultural belt there are several well knit farmers collectives namely, Onattukara Agricultural Vikasana Agency, Onattukara Spices Farmers Producer Company, Onattukara Ethnic Foods Producer Company, Onattukara Coconut Producers Societies and Federations under the Onattukara Coconut Producer Company - all these contribute to the agricultural development of this region. It is true that the plentifulness and splendor of Onattukara in agriculture has slightly faded out, but the prowess is glittering.

## 2. FPOs in Coconut Sector

One key characteristic of coconut farming in India is the fragmentation of holdings. Around 98 per cent cultivation is small and marginal holdings. This fragmentation creates problems in both supply and demand side. The farmers are highly scattered, unorganized and have little or no bargaining power. They also suffer from market uncertainties. All the above constitute a severe agrarian crisis. Resource poor farmers face problems like inadequate information, lack of strong organized groups, low motivation, lack of access to productive inputs, and are unable to apply knowledge and technologies. Low levels of technological input results in low levels of output, low incomes, and low marketable surplus. To address this, a new thought of aggregation of farmers was mooted by Coconut Development Board (CDB) in around 2005. Smt. Minnie Mathew IAS, the then Chairperson of the Board made it practical to introduce the farmer participatory group approach in the implementation of coconut development programmes which encompass cultivation practices, plant protection, and income generation.

The maiden programme was Laying out of Demonstration Plots (LoDP) in farmers gardens. The farmer participatory mode of implementation paved way for linking them with processing activities. This kick start was the beginning of a revolutionary transition of farmers' mindset in associating with Board and integrating producers and processors into modern value chains. The mobilization of farmer groups helped them enhance productivity through efficient cost effective and sustainable resource use and they realized higher returns through collective action.



Onattukara Coconut Products

In the backdrop of the above initiative, the Board started formation of Farmer Producer Organizations in 2011-12, with the objective of socio-economic development of farmers. To enable this, three tier structures consisting of Coconut Producer Society (CPS), Coconut Producer Federation (CPF), and Coconut Producer Company were formed under the banner of Farmer Producer Organization. The unorganized nature of coconut farmers and their inability to pool their tiny marketable surplus and the dominance of middlemen were tackled to a certain extent. Shri. T.K. Jose IAS, the then Chairman of the Board propelled the whole movement. The farming community received the new step with overwhelming enthusiasm and moved forward with confidence. The aim was to overcome the inherent weakness of the small and marginal farmers in order to leverage collective strength and bargaining power which would help bring financial inputs, services and technologies and an overall empowerment. The Board became umbrella for formation of 9766 CPS, 747 CPF and 67 CPCs in the country by now and they have become legal entities of three tier nature.

In the meanwhile, the Government of India issued a National policy in 2013 with its process guidelines for formation of Farmer Produce Organizations (FPOs). This set of guidelines ignited the initiatives of CDB and the FPO formation gained momentum. The FPOs organize collection, processing, storage and marketing of produces at an optimal price. Such organized activities reduced transaction cost. It is a way of commercializing small holder farmers to work together as a recognized legalized entity in order to



strengthen their voice for articulating their needs, for lobbying and taking advantage of economies of scale. Besides, it benefits the members by timely and increased availability of good quality fertilizers, seeds and other inputs at reasonable rate. Higher farm productivity and cost reduction leading to better price realization for the produce is the ultimate gain.

### 3. Onattukara Coconut Producer Company Ltd. (OCPCL) - The Genesis

Onattukara Coconut Producer Company Ltd (OCPCL) is located at Vettikodu, Kattanam, in the district of Alappuzha, one among the fourteen districts of Kerala. It is an initiative of Onattukara coconut farmers which registered on 3.2.2015 under the provision of Indian Companies act 1956, under the supervision of the Coconut Development Board, Government of India and under the concept of three tier farmers' collectives. It is one among the 18 Companies presently registered with Board. Being a direful and challenging initiative of small and marginal coconut farmers, it aimed at the welfare of more than 25000 farmers in the ambit of the region, of whom, nearly 4000 are share holders. The company is encouraging the coconut farmers to move towards value addition in coconut, thus supporting the endeavor of realizing consistent and higher income for the farmers. Under the jurisdiction of Onattukara Company there are 235 Coconut Producer Societies and 21 Coconut Producer Federations which together work as a cohesive group. Some of the CPS and Federations are very active and are undertaking farm and on-farm activities like coconut nursery raising, establishment of organic manure units, establishment of modern copra dryers, coconut chips making units etc. The

Company is procuring raw material from member farmers by paying remunerative price for their produce. This has evoked overwhelming enthusiasm among the farmers. The shareholders and other farmers are thus being benefitted by getting better price for coconut by avoiding middle men.

#### 3.1 Coconut Oil Manufacturing Plant of OCPCL

The Company has established a coconut oil processing plant with a processing capacity of 2400 MT copra per year which in turn yields around 1490 MT coconut oil and 768 MT of oil cake. The venture is financially supported by Coconut Development Board and Small Farmers Agribusiness Consortium (SFAC), Government of India as well as Government of Kerala. The financial resource of the Plant was mainly the term loan of Rs. 116.00 lakhs availed from Kerala Financial Corporation Alappuzha branch, and the share capital mobilized by the Company from farmers to the tune of Rs. 2.50 crores. Apart from this, Government of Kerala had extended 25% equity share of Rs. 40.94 lakhs. The Coconut Development Board sanctioned a back ended credit linked capital subsidy of Rs. 50.00 lakhs under Technology Mission on Coconut(TMOC). Small Farmers Agribusiness Consortium, Government of India sanctioned Rs. 35.22 lakhs as Venture Capital Assistance in 2018. Recently Government of Kerala sanctioned 20 % of credit subsidy to the extent of Rs. 20.00 lakhs under COVID relief scheme through KFC. The Company invested nearly 5.00 Cr for the establishment of the plant. Onattukara Company is presently facing shortage of working capital. Financial help extended by various agencies was fully absorbed in the infrastructure creation, many of which were not included in the original project.

The unit manufacture and market quality coconut



Inauguration of the plant by Shri. Pinarayi Vijayan, Hon'ble Chief Minister, Kerala - a view

oil under the brand name 'Onattukara Coconut oil' for the last 3 years. The plant was inaugurated on 28.5.2017 by Shri. Pinarayi Vijayan, Hon'ble Chief Minister of Kerala in the presence of Shri. Oommen Chandi, former Chief Minister (who also laid foundation stone for the Company building in 2015) and Bollywood fame Shri. Bharat Mammooty and many other distinguished guests. Onattukara brand of coconut oil was launched during that splendid function and thereafter the commercial production of coconut oil started in the plant. But it has yet to attain the full production capacity for want of sufficient working capital. The Company is, however, striving hard to increase the production. By now Onattukara coconut oil has established indigenous markets with good consumer acceptance and is about to move to export. Coconut oil is marketed in 500 ml, 1kg, 2kg, 5kg size bottles/cans and food grade pouches. The market enquiry for Onattukara coconut oil is highly encouraging. The Company is confident about the successful marketing of its product in the domestic and international markets. The products are having all quality certificates. Company obtained ISO 9901:2015, ISO 22000:2018, Food Safety Management Systems, and HACCP apart from FSSAI license, AGMARK certification and Barcode. The Company has also obtained Import Export Code and Registration Cum Membership Certificate (RCMC) from CDB. It is hoped that the company will be able to capture niche markets without compromising the quality of the product in edible and non-edible sectors.

Company had recorded a new landmark in 2019 in the marketing of coconut oil. It has entered into an agreement with Kerala State Marketing Federations (Marketfed) for supplying coconut oil in their 'Kerajam' brand without losing the identity of the manufacturer. This has helped boost the production capacity of the plant and the Company could supply nearly 60,000 litres of kerajam brand of oil mainly to Consumerfed, private agencies and for their own



Adv. Thomas M Mathunni, President, Bharanikkavu Federation, receiving cash prize and certificate from Dr. Kalavati, Head, ICAR-CPCRI, RS

outlets in various centers during Onam season.

### 3.2 Confident Entry into Value Addition

The success of Onattukara coconut oil prompted the Company to plunge into value addition in coconut, which is one of the underlined objectives of such farmers' collectives. Value addition ensures more income and opportunity to the enterprise. One of the CPS of the Company has been encouraged for the production of coconut chips, desiccated coconut, ginger mix, vegetable curry mix, coconut cake etc. Company is engaging in preparation of coconut chutney powder, squash etc besides the main edible coconut oil. Of these the acceptance and popularity of some of the products like chutney powder, ginger mix and urukku velichenna crossed the boundaries of Kerala and have created strong footing in the markets. Some Federations have set up copra dryers and are engaged in copra processing. Some are actively involved in raising coconut nurseries. Bharanickavu Coconut Federation located under the vicinity of the Company works closely in association with ICAR-CPCRI Regional Station, Kayamkulam in mother palms selection, collection of seednuts and nursery raising under their research programme

for decentralized nurseries. The nursery programme of Bharanickavu Federation has been adjudged recently as one of the top three best nurseries and bagged cash prize and certificate.

Company is an active participant in the exhibitions and fairs sponsored by the Coconut Development Board in various Metro Cities and international platforms. This involvement aims to showcase the Onattukara products in major domestic and international markets.

The Company become platform for graduate and post graduate students of the colleges of Kerala and Mahatma Gandhi Universities for internship and project works on different aspects of coconut based industries, Human Resource Development, Organizational study, Financial Statement Analysis etc. The books of accounts are audited by GSP Associates, Thiruvananthapuram and the Company affairs are entrusted to ABP & Associates, Ernakulam. Both of them together ensure accuracy and transparency in Company matters.

#### 4. Current distress of FPOs

The Producer Organizations in coconut sector are in great distress and in difficult situations. All are facing problems of one nature or the other, may be technical or financial. Some Producer Companies have invested in Neera production; some are in coconut oil manufacturing, and others in integrated processing. Unless they are guided and supported for some more time, efforts of the organizations which were responsible for their existence would become meaningless. The Coconut Development Board which was instrumental for the formation of FPOs is hoped to come forward in understanding the issues and try to help in moving ahead. Once they attain the maturity to fly free, it is the responsibility of the FPOs to run effectively.

Absence of regular Chairmen for the CDB in this critical period impacted its monitoring adversely. Thus the beginning of a revolutionary path breaking strategy in the implementation of programmes and the envisaged small farmers' empowerment in coconut sector stopped half way without fully accomplishing its goal. A Consortium of Coconut Producer Companies has been formed; but the hue and cry of most of these three tier set up is not receiving proper attention from the authorities.



Shri. Srinivasan, popular malayalam film actor & producer in OCPCL

They are crippling for want of proper and timely intervention by the Government agencies.

#### 5. Handholding inevitable

The efforts of some of the FPOs in succeeding their endeavors are encouraging. But there are no grounds for complacency and contentment; as most of the FPOs are in panic. It is an open fact that coconut based industries are comparatively novel ventures which have not yet made strong footing. They are in damn need of support and hand holding. Coconut Development Board and Government of India shall ensure the hand holding of these farmers' collectives and see that justice to them become gratified. The fate of these FPOs should not end unpleasantly. There are lot of notifications from State and Central Governments favouring FPOs. They are in pipeline and yet to come out with detailed guidelines. All possible steps are taken by most of the FPOs for sustaining their efforts with lasting splendour. Since there were untiring efforts behind the formation of FPOs in the country with good motives, it is the responsibility of all stakeholders to sustain them. Such group efforts have already demonstrated the potential of value addition in coconut and the immense employment opportunities in coconut sector. Moreover it ensures unadulterated coconut products in the supply chain especially edible oil, which helps ensure a healthy and robust society. It prevents the health hazards due to adulterated edible oils causing many health issues. All these positive factors will collectively empower the small and marginal farmers and thereby the coconut economy. Let us hope for a fruitful future for these farmers collectives which ignites more expectations and enthusiasm.

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