

PARTICIPATORY GROUP MARKETING ACTIVITIES OF KHDP - AN ANALYSIS

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Abstract

The study on participatory group marketing Activities of KHDP, an analysis is conducted with a purpose of

- a) To analyse the factors that lead to the success and failure of the existing group marketing practices in selected 5 centres of KHDP.
- b) To delineate the process which lead to effective formation of the group marketing.
- c) To draw lessons form the experience.

In the scenario of fruit and vegetable marketing the presently existing system is Commission Agent Marketing System. Commission Agents usually operate from the urban areas nearer to vegetable production centres. They deal with both local and out station products, mainly from Tamil Nadu.

In this system farmers either directly or through a middle level agent take their product to the commission agent. The agent sells the product to traders who take it to distant places and contribute to the wholesaler, for this service of selling, farmer's product to the trader, the commission agent usually charges 10% of the product as fee. In some cases a fixed amount is levied from the farmer. The farmer or the agent of the farmer suppose to take the product to the commission agent, bearing the full cost of transportation from the farmgate to the commission agent along with the payment for unloading.

Another system in vogue in surrounding areas of Kottayam is taking the product to the wholesaler directly and they sell it to retailers. In this system usually the payment is made to the farmer only after the product is sold. In this case unlike the commission agent the wholesaler takes the product at a price fixed by him.

There are chains of agents exist between the producer and the commission agent, commission agent and the wholesaler, wholesaler and retailers. The agents between the farmer and commission agent does the job of collecting products from individual farmers and taking it to the commission agent.

Kerala Horticulture Development Programme as organisation of the Government of Kerala with the support of European union has entered the horticulture field with focus on

production, training, credit and marketing aspects of the vegetables & fruits sector. The basic unit of KHDP's functions are self help groups (SHGS). The self help groups are facilitated to have links with financial institutions, research institutions and other relevant organisations.

With a view that farmers become financially dependent on middlemen and become open to exploitation as they borrow from them, the programme gave shape to its credit packages. The credit package is supposed to liberate the farmers from the debt burden, imposed by the middle men in order to ensure steady supply of their products. KHDP also has production support units which helps the farmers to optimise their profit by reducing the cost of production and enhancing their income. To reinforce the ideas of optimising profit KHDP has training units, consultancy giving training to farmers in group level. KHDP also has Technical Officers and Technical Assistants guided by Assistant Co-ordinators all coming from the agricultural backgroup along with Assistant Project Managers from various disciplines such as Management, social work etc. to organise farmers is to groups and gradually become self helping.

In the first phase of KHDP from 1992-1994 the project believed that by developing an altogether parallel marketing systems called Rural Marketing Organisation (RMO) can eliminate Commission agents, traders and other middlemen and help the farmers towards a fairer marketing systems. The idea could not be operationalised due to the complex nature of vegetables marketing such as a) high perishability, b) Bulk handling, c) Timely delivery to the consumer which requires overnight trading activities d) high volatile fluctuations, e) varied regional preferences, f) non availability of proper marketing information, g) low market share of Kerala produce, h) low range of vegetable products.

As it became clear by the second half of 1995 and particularly by the European union during January 96, the idea was abandoned and group marketing emerged as an alternative strategy. The proto type of group marketing was tested at Venganoor with limited success. Other experiments carried out Malayattoor and Kaduthuruthi out of which Malayattoor has become defunct and Kaduthuruthi gradually emerged as a success case - The experiments contained with the later on farm markets, at Kanakkari, Manjeri, Athirampuzha, Athani, Maloor, Mannarkad and still the idea is an evolution. It can be believed if the process of evolution is well facilitated with professional skill and patience, they would bring us alternative marketing systems with fair practices.

The present study is conducted with an idea of extracting persons from the group marketing efforts focusing on a few significant locations. The locations selected and the reasons are:

1. **Kaduthuruthi** : The field centre located in the Kottayam district is selected as it is the one among the earliest group marketing efforts of KHDP. It has the other merits of having its own land and growing steadily with farmer participation.
2. **Athani** : in Ernakulam district is an exclusive farmer participatory market of Banana - Unlike Kaduthuruthi it has a retail outlet. The market is intended to be a district level market. Unlike Kaduthuruthi the market is situated on a main road away from the production centre.
3. **Manjeri** : Initially is intended to be a market of one self help group emerged into a big market with the participants of 60 SHGS and later on become defunct due to poor management by the project.
4. **Athirampuzha** : Athirampuzha in the Kottayam district is unlike the other markets is a farmer market functioning with in the established marketing set up and to the market is set up with an objective of supplying local farmers produces to the traders where outstation varieties also available.
5. **Malayattoor** market in Ernakulam district is one among the earliest experiments of KHDP where the project could realise with out farmers participation in decision making it cannot have an impact in vegetable marketing scenario.

LIMITATIONS

The limitations of the study are the following:

1. It is a short duration study completed within the four months and hence it is less elaborative and requires further investigation.
2. It has covered only 5 markets whereas presently KHDP claims to have 29 farmer markets. The newer understandings in this could not be analysed in depth as KHDP expressed its unwillingness to co-operate with the research initiative.

METHODOLOGY

1. The subjects of the study includes
 - a) Farmer participants
 - b) The descendant farmers
 - c) The field staff of KHDP including Technical Officers, Technical Assistants, Project Managers and Assistant Co-ordinators.
 - d) Commission agents and traders of the locality.
2. Procedure
 1. Farmer groups of the specified locations were covered individually and as groups and they are thoroughly interviewed using semistructured questionnaires, by following participatory dialogue methodology.
 2. The persons who are in charge of participatory group marketing are also interviewed in depth.
 3. The points discussed from the farmer groups were further discussed with KHDP staff covering the area.
 4. It was further analysed in detail by conducting detailed interview with the former director of KHDP, who had been working with the programme since its inception.
 5. A Historical transect into the evolution of the marketing mechanism of the respective localities is conducted as a part of historical mapping of the local market systems.

OBSERVATIONS

Case Study No. 1

Farmer Market at Kaduthuruthi

Kaduthuruthi is situated in the Kottayam district adjacent to Neendoor, Kallara, Vaikom Panchayats. The M.C. Road passers through Kaduthuruthi. The Farmer Market is situated in Adithyapuram, near to the famous sun temple. The location is traditionally a vegetable cultivation area and the speciality is at present the farming is done in wet lands on mounts of varying heights ranging from 2 feet to 7 feet. Many of the mounts are permanent structures. The farmers pay rent based on the number of the mounts and cultivate on them.

Kuruppanthara is the nearest vegetable market. Kottayam and Thalayolaparambu are the other major markets. Here in these markets wholesaler buys the products from the farmers at the price fixed by them based on the supply and demand.

The major crops grown in this area are Bittergourd, Snakegourd, Cowpea and Littlegourd.

History of the local market system

During 1960-70, the fruit & vegetable farming was carried out mainly in the upland. The varieties cultivated were Bittergourd, Snakegourd, Chilli, Ridgegourd and Nendran banana. They use to take their products to Kuruppunthara markets by head load. No pesticides or chemical fertilizers were used. Incidences of pest and disease were few and cost of cultivation was also very low compared to the present. During 1970's, agents started coming to the farm gate and they use to give their products there itself on every Mondays and Tuesdays. The price is decided by the Agent, and farmers gradually became ignorant of the market price. Chemical fertilisers and pesticides were used on trial and error method and no technical advice was available. During 1985 Tempo trucks started coming to collect the vegetables at the collection points. Vegetable cultivation became popular and profitable. Therefore vegetable cultivation started replacing paddy cultivation in wet land also. Towards 90's the indiscriminate use of fertilizers and pesticides resulted increased production cost, frequency of pest and disease attacks.

During 95 KHDP entered the scene, and as started giving technical advice, credit, gradually helped to evolve a farmer market.

Present farmer market

KHDP came with its group marketing idea in 1995. This was followed by KHDP establishing its credibility by its credit package. Even though the farmers were feeling even before KHDP's entry to have a farmer market to escape from the unfair marketing practices, the local agents practices, but it could not be possible as nobody could take initiative to organise farmers for the collective venture. The Asst. Project Manager of KHDP has explained the concept of group marketing saying that if they could get organised soon they will be given a market centre of their own with cold storage facility by the programme. Initially the farmer participation was very poor. Only a few farmer got influenced by the idea and brought their product to the centre. As the effort was gradually becoming defunct a meeting was convened by the Asst. Project Manager to analyse what can be done. As a result it was decided to take the product to Ernakulam Market thinking that this would enhance their profit when the idea was executed, the farmers made a big loss of Rs.3000/-. This was communicated to the Programme Director by the Asst. Project Manager alongwith the farmer, and the Programme decides to grand this amount as credit to the respective farmers. This has given a boost upto their morale and they started co-operating with the KHDP staff with sincerity. Following to the incident a new convener to the group is selected by the farms considering the fact of his proximity to the field centre. The committee met under the new convener decided to invite traders to their market. The farmers went for a campaign and convinced 4 traders to take their product at the farmer centre. In the mean time the traders formed Curtle and tried to take farmers products at lower prices. Then it was fixed that the Kuruppanthana market price should be kept as reference price. But again the traders tried to offer lower prices than the marketing price by playing a trick on that. That is they take loads of vegetable products to Kuruppanthara market and pull down the price with out unloading the product by creating a false impression of surplus arrival. Farmers could very soon realise this trick as they use to collectively discuss on these issues in their group meetings.

As a result the farms decided to boycott those traders who followed unfair practices. This has resulted in traders getting aggressive against the farmers and a fight between farmers and traders. The incident paved way to greater unity among the farmers as all the farmers joined together and decided that they will give products to only those traders who follow fair trade practices.

At present 10-15 traders approach Kaduthuruthi farmer market. The average production during season is around 5 mts per day. As there is a high demand for their products and also all the farmers in the area united and sell only through the farmer market there is a rush of traders which is regulated by the farmer organisation by providing them the products in rotation.

Earlier to the group marketing practice the traders demand harvesting as per their needs and requirements. Farmers use to oblige their demand and often make losses, sometimes the traders ask farmers to harvest and keep but they fail to take the product as vegetables are highly perishable the farms are forced to sell the products at a throw away prices. But after the group marketing started the farmers decide when to harvest and how much to harvest based on the demand. Earlier the farmers used to produce snakegourd in large quantities. Now as they are more aware of the marketing mechanism they have a better product mix. They have introduced cultivation of Amaranthus, Chilli, Brinjal, Bhindi etc. along with their traditioned crops such as Snake gourd, Bitter gourd and Cowpea. The attendance in group meetings are almost 100%. It is to be noted that the meetings are no longer convened to satisfy KHDP officials, but it is for their own betterment. Even though the KHDP officials including the Programme Director was impetuous to the initiation growth and development of the market the present days the farmers strongly feel, KHDP could no longer remain capable of helping them. They said they have demanded better knowledge and skill training from KHDP in the front of marketing where as KHDP could not meet this demand. Now it has become a farmer enterprise run by the farmers. All that KHDP does is collecting data regarding their marketing activity and its accounts and keeping a record of it in their office. When asked about their difficulties they said that having sub centres at distant locations is very difficult to co-ordinate. Having asked about their greatest merit, they said that their proximity to each other as they live in neighbourhood which helps them to develop essence of unity which is very essential for the participatory marketing.

KHDP has purchased 18 cents of land to build their field centre asked about that the farmers expressed that they are hardly consulted about it and it has become a programme of politicians and KHDP, and not that of the farmers.

The farmers of Kaduthuruthy are on a forward march to active self help in vegetable farming with a vision of their own market building and a self organised credit system in near future.

Case Study No. 2

Farmer Market at Athani

One fine day evening in October 1997, the people of Parakkadavu Panchayat, near Angamali, Ernakulam got astonished in seeing a different kind of rally of about 300 people, all men, women, children, Christians, Hindus, Muslims, Marxists, congress and all others together. This rally was lead by no leader but under the leadership of one name 'fruit & vegetable farmer'. This rally was quite a new experience for the participants also. The farmer market in Athani, one can find such kind of oneness in many other aspects. They collectively buy fertilizers and other plant protection chemicals, Banana suckers, lime and other inputs and reduce the cost of cultivation. The collective strength of farmers has even, compelled an insurance company to reprint their application forms in Malayalam. The Bank Manager of the locality has newly purchased sofa set to offer 'decent' seats to farmers who are now their most 'valuable' customers. The farmers of Athani becomes eloquent in describing how much their social status has improved after their group marketing is initiated.

The Athani farmer market is situated in Athani junction on the side of National Highway. The farmers of Kunnukara, Nedumbassery and Parakkadavu panchayats have decided to open their market there, after they have collectively visited a farmer market at Manjeri. When KHDP's field staff came to organise them, by providing technical support and credit, it took nearly 3 years for them to understand the collective strength of group and to win confidence to start the market.

During 1960-70 the cultivation of Banana was done only in uplands. The markets were Kottapuram, Parur and Aluva and Traders come direct to farm gate and bargain the price based on the size of the banana bunches. The price is fixed by the traders. The Transport system was by *Vanchi* (boats). During 70's and 80's the cultivation and marketing practices remained the same. During 80-85 the farming shifted from upland to wetland and along with 'vanchis'. Trucks also started arriving to farm gate which also increased the number of traders. The price appraisal was done by appearance and number of fingers on a bunch and this practice continued till early 1990's. During these days commission agent system became more popular and the commission gradually enhanced to 8-10%. Then the farms collectively started taking their products to commission agents. 1995, farms were organised by KHDP and finally started marketing at Athani and also at Kundoor and Meloor. The commission went down from 10% to 5% at these farmer markets.

Now in Athani the main market days are Thursdays and Sundays. On an average 8 to 10 mts of Banana and a few quintals of vegetables arrive with a turn over of Rs.70,000 to

Rs.1,00,000. The farmers here directly sell their produce to the traders and the price is fixed based on Aluva market. Here the farmer need not have to bear the marketing costs like unloading, entry pass, *Atti* (heaping charge) '*Thanduchethu*' (fee to cut short the bunch) etc. in addition to 10% commission to the agent. It is also a practice in commission agents market to cheat farmers while weighing. Now in farmer market a fair market practice is carried out. A 5% service fee is charged by the farmer market to meet the expenses. The salary to the staff including honorarium to market co-ordinator and general co-ordinators are paid out of this. The market is now functioning in a rented yard for which the rent and goodwill are paid out of the membership fee, initially collected from the farmers.

The farmer can avail petty loan from their farmer centre. The credit facility from commercial banks is available to the members based on the recommendation of the farmer market. i.e. only market members get the loan facility from the banks. This system also ensures correct and prompt repayment.

At present the farmers are not satisfied with the role of field staff of KHDP. They are not able to contribute to the softer skills of marketing. Now the officials are interested mainly in obtaining the accounts of the market. More farmers are to be attracted to the market, to ensure year round arrival of banana. The arrival of vegetable is slowly increasing, and as a result of training from KHDP. In these trainings farmers get practical ideas on self help but they say they lack trainings on the principles of self help. For example, farmers complaint even a 50 paise loss or delay for a few minutes in marketing in farmer market, even if one has to loose even Rs.2 or has to spend an over night in other markets. Whereas a collective approach and dialogue with the trade unions based on the principles of self help has created a healthy relationship with them, which still continues.

The Athani farmer market now runs a retail vegetable market also in the same venue. The shop is run by a farmer on contract basis, where the consumers are offered almost all the items including the outstation produces at a rate lower to ordinary retail shops.

The proximity of the farmer market to the production centre is a problem now faced in this market. From Kunnukara Panchayat it is more than 10kms away to Athani. Now the farmers are planning to open sub centres in two different production centres, Kurummassery and Kunnukara. The farmers hope that in future the market will become a daily market.

Case Study No. 3

Farmer market at Manjeri

It was quite a new experience to the farmers of Manjeri to introduce with an officer who became very friendly and who used to spend time with them in detailed discussions on their farming situations, and who could make them think on their problems and to sort out effective solutions. It was how KHDP initiated the work in Malappuram district. The farmer meetings extended even upto late hours to realise their true situation and to draw concrete action plan to start their own markets. A group of farmers made a study tour to all other districts to meet and discuss farmers where KHDP has organised its important activities, The insights into technical aspects and credit support from KHDP has given them a new vigour in farming. The situations of fruit and vegetable farmers in Manjeri was pitiable before. The history of their marketing reveals it.

There were only 3 shops in Manjeri who trade the vegetables on commission basis. They used to send the vegetables to Ernakulam and Thrissur markets. The farmers used to take their products by head loads to Manjeri Market. During these days, *Kuruthola Payar*, *Vellappayar*, *Pachapayar* - long & shirt were the popular varieties. There were no *Thathachundanpayar*. The other varieties cultivated were Bittergourd, long snakegourds, Big Cucumber, ash gourd and pumpkin varieties. There was no amaranthus in those days. There was no system of weighing and the product was sold on number based on size and appearance. Cultivation in wet land was a common practice then itself but only during summer seasons. The cultivation was done only in less area. Those days per day labour charge was Rs.2.50 only per litre of rice was Rs.6/-. So farming was a prestigious job. The cost of cultivation was quite less and based on organic sources only. The main input was labour. During 1970's Kuruthola payar vanished, Amaranthus appeared. Snakegourd variety become short and the small size cucumber, Ashgourd and pumpkin became popular. Till these days only 3 small shops mentioned above were taking the products. But '72 onwards fish trucks while returning started taking farmers products mainly vegetables to Calicut market. Thus demand increased. The price was very low but the intensity of cultivation in wet land increased. People started going to Gulf Countries for job and farming has become a less prestigious job.

1980's Manjeri became a more important market centre and which become a transit market, and operational only during night hours. More private buses started plying to Calicut, which facilitated farmers on the main road sides to take their product to Calicut market where they

received a better price. A few farmers who have more cultivation started collection of other farmers product by offering a slightly better price than Manjeri market and sold at Calicut. Thus farmers on main road side to Calicut started sending their product to Calicut and others to Manjeri market. 1980's the vegetable cultivation was very profitable and costing less. So many farmers started undertaking vegetable farming and production increased. Agrochemical companies started aggressive marketing in this area concentrating on each and every farmer. During 1990-95 the Manjeri market become a big vegetable marketing complex having over 80 commission agents. The demand for vegetables also increased as it has become a major supply point to northern districts of Kerala. Tamilnadu vegetables also started to flow. As the profit margin for Tamil Nadu products is high such as Onion, Potato, Cabbage, Tomato etc. The main trust of the market became to sell Tamilnadu products. Even though agents wanted to sell Tamil Nadu products, *Nadan* product had very high demand in northern districts. To attract agents for those districts, they use to sell the nadan products at a lesser price than Calicut market at the cost of local farmers. This resulted in farmers getting a lower price at Manjeri. The production of vegetables in Calicut region is less. The Calicut Traders to attract farmers, offering higher price, and they became pro-farmer and farmers get better price. During 1996 KHDP started intervention at Narukara a place 4 kms away from Manjeri and 55 kms away from Calicut. In spite of per day market arrival around 10 mts at Narukara farmer market it was too insignificant compared to Manjeri and Calicut markets. So the market intervention could not make much impact. The farmers were otherwise benefitted by credit facility of KHDP. Little gourd, (Kovakka), Sponge gourd, new varieties of Cowpea, Real variety of Amaranthus, while Bittergourd were established as new commercial crops.

The farmers of Manjeri started thinking critical and creative and the process of expansion resulted in self helping groups which together decided to start a group market at Narukara 4 kms from Manjeri, a prominent production centre. The market was opened on 2nd October 1996. The market was lead by a general co-ordinator of marketing co-ordinators of each group. The participation of the group was very high. Every day new groups joined and a network of group co-ordinators was established. There was transparency in all the marketing activities. But here the product was taken on a price and was taken over to Kozhikode market for sale. A few traders also came and directly took the produce but not regular. The bulk arrival in the market also increased and the proximity to the groups gradually decreased. At this juncture, a trade union problem arised on unloading.

Later on the officials of KHDP changed. The new officials could not realise the internal relationships among farmers, traders and the actual marketing principles based on which the

whole market situation was based. KHDP started suspecting each and every activity. Further the groups and groups meeting became weak, even the timings of group meetings changed for the interest of officials. Integration is lowest. Then the marketing activity became static based on rigid rules. In order to expand the market it was decided by the officials by obtaining false consensus to shift the market to Manjeri town from Narukara. This in turn reduced the proximity of the market to farmers. The problem of unloading by the union workers became serious and this in turn was worsened by the intervention of traders of Manjeri who were having bitter experiences with the farmer market. KHDP officials who were quite inexperienced in practical marketing directed the farmers to fight out the situation, than to resolve the conflict and finally the market now is defunct.

Case Study No 4

Farmer market at Athirampuzha

Athirampuzha Panchayat is 10 kilometres away from Kottayam and a traditional vegetable area. When KHDP's technical staff approached farmers and introduced themselves as an organisation of European Union, most of them were reluctant to come forward. Later on when the field officers properly explained the objectives and could realise, as an immediate result, the cost of cultivation could substantially reduced by proper management practices. The groups grew fast resulting in enthusiasm in group activities and new farmers came forward resulting in increased production. Foreseeing increased bargaining power, the farmers soon decided to start their own market. Athirampuzha already has a traditional market and quite near by other major markets at Kottayam (10kms) and Kuruppanthara (8 kms). By this time farmers at Kaduthuruthi has started their own market and was picking up fast. A series of group discussions made them to start their market inside the Athirampuzha market itself. The Panchayat has allotted a portion where they started group marketing with the assistance of KHDP. Each farmer collected Rs.200 as share. A committee of master farmers was initially in charge of the management but soon conflicts resulted in gradual withdrawal of master farmers. Now master farmers have no role; and run by a committee of farmers.

KHDP officials could not become successful in resolving the conflicts in the group and as a result the extent of participation has reduced to minimal.

The farmers now participate in this market by sending their product to the farmer market. The paid secretary takes initiative to sell, the joint convener is usually present on all market days. As the market share of farmer market covers more than 80% of local vegetables, the control over the price is with the Secretary and Joint Convener who takes spot decisions. On an average 3-4 mt arrival is expected per day. Monthly average is 45 mts. A farmer usually

obtains an additional Re.1 in comparison to Kottayam market. The farmers are now comparatively free from marketing. The market begins at 5.15 am and 90% of the produce is sold out on that day itself. The price obtained for a particular grade is same, irrespective of time of arrival. The payment is mostly made on that day itself. The price information from KHDP is almost of no use in fixing day to day market price, which varies from hour to hour.

The participation of farmers once established in bulking has resulted in bargaining power and a fair market practice, which is now benefiting the farmers by obtaining a higher and uniform price, also by saving marketing time and wastage. The history of fruit and vegetable farming in Athirampuzha is as follows.

The farmers could recollect cultivation of vegetables since 1945 in the locality. During these days cultivation was done mainly in uplands. The cowpea variety was much short and was bunched in small lots and the sale was based on the number of bunches. There was no cultivation of littlegourd and Amaranthus & bhindi. Cultivation was not on a commercial scale. But spongegourd, ridgegourd, bottlegourd winged beans, clovebeans were cultivated on a commercial but small scale. The market price of 1 mannu (10kg) of cowpea on an average was Rs. 1.50; Bittergourd was Rs.4.00. They use to take vegetables to Kottayam markets by *Kalavandi* (bullock cart). Towards 1950, Traders use to approach farmers in their farm gates. During 1960's demand for vegetable increased as more and more people started buying. They started cultivating 'Koval' (littlegourd) but not on commercial scale. Amaranths cultivation was almost vanished, Bottlegourd and spongegourd area diminished. Cucumber, Yarn and Colocasia started commercial cultivation. From Cherthala, Muhamma & Alappuzha, *Vanchi* (boats) use to come to Athirampuzha and market at Athirampuzha for vegetables on Mondays and Tuesdays started. During 1975, boats became unpopular and finally stopped as road route to these areas got developed. During 1985, the demand increased much and farming gradually replaced paddy in wet land. New long varieties for cowpea and large white variety of Bittergourd got introduced. Eventhough the cost of cultivation of above crops were much higher, the profit also substantially increased which resulted in extensive vegetable cultivation in every possible area. The indiscriminate use of pesticides and chemical fertilizers resulted in high incidence of pest and disease and the returns started diminishing and by 1992-93 the farming has become comparatively less profitable than in 1989-90. By the middle of 1995 KHDP came forward and farmers got credit and technical support. During October 96 farmers have started the market.

Case study No: 5

Farmer Market at Malayattoor

The Malayattoor panchayat in Ernakulam district is a traditional banana growing area. This area is famous for its Nendran varieties, its size colour and taste.

In June, 1994, KHDP started the work in organising farmers by providing easy credit and technical guidance for banana cultivation. Several training also were given to farmers on these aspects. The idea of a marketing system owned by farmers was introduced by the marketing unit of KHDP as the part of their target fixed. They promised supports for a market like rent for building, furniture, salary for a staff, telephone and Rs 25,000 as working capital. Seven groups of farmers located within a radius of 20 kilometres namely Thottuva, Illithodu, Sebiyoor, Mundangamattam, YMA, Naduvattom and Kottamam were connected together to create the bulk. The group had no proximity and this resulted in lack of communication among groups, and with much difficulty for 3 groups meetings were conducted to discuss the functions of the market and future plans. A marketing master farmer and one marketing agent were selected.

This market was started in Thottuva function in a rented building by August 1995. Out of 170 farmers only 30 were participating. There was no bye law for the market. The farmers started bringing the produce and based on previous days price at Aluva markets. The marketing centre purchased the produce from the farmers, and the agent in turn take the produce to Ernakulam or Perumbavoor markets, sells the products. 5% commission is paid to the marketing agent for his service. Soon the farm gate agents, of that area started paying an extra margin of 50 paise to farmers and farmers started turning away from the marketing centre.

In the Ernakulam and Perumbavoor markets, the farmer agent being a newcomer had to pay more tall, commission, deduction in weight against damage and lot more. The farmers also cheated the agent by giving their second grade products. They also kept damaged product beneath good ones which resulted in heavy loss and final closure of the marketing centre. In fact the marketing had no relationship with the group.

KHDP had targets to take over the vegetable outlets of Civil Supplies Corporation so that the farmers can run them. As the market centre at Malayattoor failed, KHDP now offered the vegetable retail outlet of the Civil Supplies Corporation at Ernakulam to the marketing master farmer and the marketing agent. Interest was shown by the marketing master farmer to tun the outlet. The marketing agent has by this time stopped even farming and started his own business and he now owns a tempo truck. The marketing master farmer

also has now stopped his farming business and now running business is the Civil Supplies Corporation retail outlet and per day his turn over is estimated to the tune of Rs 10,000 or more. At present the KHDP has taken the retail outlet directly from the revenue authorities and has directly given to the 'marketing master farmer' who is now a successful "marketing man".

Lack of participation, and proximity of the group with the marketing centre are the two major reasons for the failure. The KHDP has seen marketing only as physical structure rather came late to understand the "spirit of marketing".

Case Study No: 6

Interview with Dr. Jacob Thomas, former director of KHDP

Dr. Jacob Thomas was the director of KHDP since its inception in August 1992 to October 1996.

The project Kerala Horticulture Development Programme came down from State Planning Board. Kerala State Horticulture Products Development Corporation (KSHPDC) was already existing with focus in marketing of horticulture products. The European economic community shown inclination in funding of the project. Agrotech Consultancy, Rome, was given the contract for starting the project. Dr. Jacob Thomas was appointed as a representative of Government of India along with few staff and a rented office building in Trivandrum. A detailed preliminary study was conducted by visiting organisations involved in Horticulture and allied sector. Meanwhile he was appointed as the Managing Director of KSHPDC which gave him exposure to marketing problems of fruit and vegetable marketing, and also gave way to understand the role of farmers in marketing. It was needed to organise farmers to ensure steady and assured supply of products. It is seen that unorganised farmers are exploited by traders, by a farmers organisation. It is possible to lower the cost to compete with the outstation produce. Production promotion incentives and inputs could be collected by them and utilised at lower costs. Being a highly perishable product, proper packaging, handling and transportation can minimise the loss. The price fluctuations adversely affects the farmers and this can be tackled by proper information on marketing.

The KHDPs ideas on marketing was to establish farmer marketing centres comprising of 200-300 farmers contributing from 10 to 15 self help groups. The information on price, quantity, quality, seasonality, outstation arrivals etc required for the market is generated by the market information centre in KHDPs office. Post harvest handling and processing aspects are also trained to the farmers. The final programme was to form a marketing organisation as an apex body to farmer markets.

It was learned that farmers need to ensure quantity at a procurement centre, production planning to coordinate planned procurement, transport plan etc. The existing traders could transport the produce from the field centers to the market. In Kerala, everywhere there are established marketing outlets. Therefore it is needless to create an additional infrastructure to sell, but wanted a network of producer marketing groups. In order to create a report, weighing balance and plastic crates were proposed to be supplied to the retailers on the recommendation of the farmer markets.

The European Union's Regulated Market concept was basically to decongest the city markets and provide hygiene market place with all infrastructure to traders, in 3 cities and 3 in rural areas. Even those who implement are not clear about the purpose of massive infrastructure being constructed at 6 places in Kerala. Originally KHDP was expected to implement 6 pilot projects to ensure products of fruit & vegetable within 30 kms radius of these markets.

Regarding the concept of farmer centres, the concept was to integrate them with backward and forward, technical and managerial assistance from KHDP directly or through contributing organisations. The backward linkage included organising sufficient number of farmers to have enough supply of products at the farmer centres, to run them in a sustainable pattern. The formation of groups to its performing stage is a slow process, and only very few groups reached this stage within 3 years. Considering the forward linkages, the strengthening of traders who need produce from the FC and to be transported to the market instead of collecting from individual farmers as long earlier was to take place. Further it was presumed that sufficient quantity of produce will be available in the farmer centre, all the farmers are united together. So no product directly available with the farmer, and that a range of product is available at farmer market. In this condition the farmers could have brought a higher bargaining power with the existing traders. Since some of the farmers did not get credit and delink the bondage with the traders resulted a retarded growth of the field centres.

The marketing efforts taken by KHDP was perceived as an experiment of many issues in farming scenario. Venganoor farmer centre was focused on marketing organic farming products for which training were gain to farmers. However lack of appropriate technology and lack of promotional efforts on the virtues of organic products resulted in the enthusiasm of farmers fading. Malayattoor was basically to promote banana cultivation. It was presumed that a FC can motivate farmer action and the FC was not viewed just as a marketing instrument. In Kaduthuruthy basically the spirit of self help to the market was the focus. That is why the farmers themselves were engaged in search of land and own themselves, releasing money from KHDP and they themselves were deciding everything even on development of the land. In Manjeri, the experimentation was to create a massive people's movement without aligning

with any interest groups including political parties. Cutting across all political affiliations farmers joined together to develop market skills. Exploitation is possible when skill is lacking. The pressure to subvert the activity at Manjeri by local interest group was maximum. Hence there was pain for others at Manjeri was the farmer centre focussed movement, gained momentum, threatening various interests. It was focussed to replicate the dependency removal process started in Manjeri in other parts.

One can find deeper insights in the marketing strategy of the former director. The dismissal of his tenure has created an abrupt ending to the vision and created confusion all throughout the programme resulting in passivity in groups and the slow death of the participatory process.

Case study No: 7

Kerala State Horticulture Products Development Corporation (K.S.H.P.D.C)

Kerala State Horticulture Products Development Corporation started in 1989 with an initial objective of developing ornamental plants. Production and marketing of vegetables, supply of essential commodities were also envisaged later on. The head quarter is cited in Trivandrum with 5 regional offices at Trivandrum, Kollam, Ernakulam, Palakkad and Kottayam also has procurement centre at Trichur, Palakkad, and Idukki districts. A farm at Kazhakkootam, Trivandrum is directly run and also co-opt farmers in various districts for contract farming. Besides Kerala produces, outside state produces are also handled to the tune of 25%. Per day 10 mts of produces are handled out of which 7.5 mt of banana and rest 2.5 mt vegetables. It is targeted to open 640 retail outlets throughout Kerala of which more than 50% already started functioning. The retail shops are licensed out to vendors in different towns. The vision of KSHPDC is to provide the public quality good horticulture products on low rates, and to control the market.

The KSHPDC issue license to fresh retail shops. The products are procured from farmers and bulked at procurement centres. The outstation items and also brought in there and then distributed to retail shops by own and hired vehicles. The maximum retail price is fixed 10% less to the actual retail price. The produce is procured from farms at a rate 30% less of this MRP 12% is given as retailers share. The Trivandrum region handle 2.5 mt of vegetables and 7.5 mt of nendran banana per day which may cost Rs 2.5lakhs. 50% banana and 40% of vegetables are out station arrivals.

KSHPDC now function with a gross profit but net loss. When all the retail centres are opened it is expected that the net loss will diminish and make profits. The KSHPDC thus

operates all the function right from own production, contracted productions, credit card to farmers, assembling, transporting, retailing and finally to producers clubs (coconut club)

The activities of KSHPDC other than retailing of fruit and vegetables are floriculture and apiculture. The corporation provides loan to agriscard members at 6% interest on repayment. The coconut club consists of small growers of Trivandrum town from whom the produce is taken delivery from the farm itself on the day of harvest itself based on previous arrangements.

Infact there is a tendency for firms and individuals to specialise in a particular distribution function and to do it reasonably well; seven firms each do one excellently. In some markets around the world there are a few firms who do most of the functions well and these firms have as much as 15-20% of the market. Their market share seldom rise any higher because few firms are efficient enough to compete with the large number of small specialists (J.Le Gallias the case history of successful marketing group "scientific horticulture Vol 25, Page-115,1974).

As a part of the government policy to control the market and to sell to consumers at a lower price than the ongoing market price, the managers and the civil servants who have no expertise in commerce or horticulture making operations is quite questionable.

Lessons learned and Conclusions

1. The proximity of farmer groups and the farmer market is one important factor leading to the success or failure of the group market. The Manjeri market initially was successful. When the proximity was more, when the market has been shifted to the town, it became an important factor for the failure. One can find in the case of Athani also that the farmers are now planning to open subcentres in different production areas. The increased number of self help groups also can be negatively affecting since it reduced the 'togetherness' of the farmers.

2. Limited number of functions

One can find that as and when the number of market functions that a farmer tries to handle the degree of success reduces. It can be seen from the example of Manjeri and Athani markets. It is interesting to note that the marketing master farmer became 'marketing master' and left farming. On contradictory to this the Athirampuzha market and Kaduthuruthi, lighter the responsibilities larger the success. Even though one cannot draw conclusions, the case study on K.S.H.P.D.C. also justifies specialisation of functions.

3. Accounts

In Kaduthuruthi market the farmers started keeping individual pass book from the beginning itself and this can be seen to be a factor of success of the market. In other markets it can be seen that the interviewees complaint that their individual accounts are not maintained. This in turn reduces participation. One can find that this issue is welcomed by all farmers.

4. Mith on price

A group marketing system cannot improve the farmers share by reducing the channel. It can only reduce a few middlemen in between farmer and wholesaler. A group market can avoid unfair practices and thereby improve their share. In all the case studies this fact is expressed by the farmers.

5. Mith on traders

Initially when all these markets were started it was the objective to eliminate the middlemen of the marketing system who 'exploit' the farmers. One can find in Farmer Market and Trader Market price obtained from Farmer market is not much high, but almost similar. But farmers gain in terms of transportation expenses, package expenses, wastage and other market expenses incur due to the lack of organisation of the farmers. It can be seen that a wholesaler gives a better price to a regular sender than a newcomer. The fact is that traders will try to buy for the lowest price possible and buy cheaply if the farmers are ill-formed. Similarly the farmers try to sell for the highest prices possible one may even put good quality produce on the top of the bad inorder to cheat the traders. The case study of Malayattoor is an example.

The fact that a margin is 50% rather than 30% does not indicate that it is excessive and still less does not indicate that what are the problems or how to tackle them (P. Bowbrick, some limitations of market margin analysis, Irish Journal of Agrl. Economics & Sociology 4(2) P-23-28 1973/74; The economics of grades' - Oxford Agrarian Studies vol XI p. 65-92 - 1982).

In an interview with a wholesale dealer, it is argued that it is very easy for a new trader to enter the market in Kerala and even if they could make large profits by 'cutting out middlemen' they would. Therefore 'eradication' or 'cutting out' middlemen is a mith.

6. Mith on Market Information

It is learned from the detailed case studies that efficient market information is a mith. No agency can supply a market information regarding fruit and vegetable where price structure varies on every minute, every grade, every region, every customer etc. A farmer cannot depend on any agency for market information other than he generates himself. For this a

wholesaler can help him (J. Le Gallias 'The Case history of a successful Marketing group' Scientific Horticulture vol 25 & 115, 1974) a sender can ring up to the wholesaler and fix the quantity one day earlier; and he can even receive forecasting if he is a friendly wholesaler. The traders also consult their own counterpart in gathering informations. It can be seen that the KHDP farmers never waited for the fax message of the yesterdays market price from KHDP's office, rather than telephone and get informations from Manjeri market of the price of the same day itself. The price information system is so complex and many agencies and the Government are spending crores of rupees for the same. This area requires further research.

7. Confrontation with Traders

The example of Manjeri clearly indicate that the farmer market should never try to antagonise the existing marketing systems. On reverse one can find behind the success of Athirampuzha and Kaduthuruthi markets, a closely knitted relationship between farmer market and the existing marketing system.

8. Confrontation with Trade Unions

One can find from the example of Manjeri market and a better example at Kozhinjampara market in Palakkad that confrontation with trade unions may bring out favourable court orders but the longevity of market become a big question. On contradictory to this in Athani market, the farmers made a peaceful dialogue with the Trade unions based on the principles of self help and there they continue a very healthy relationship even today. It would have been a different scene in Manjeri if the trade unions were allowed to get loading charges from the traders instead of which the officials tried to antagonise them against the Trade Unions.

9. Long term support by the organisation

It can be seen from the case studies that an organisation cannot support farmers in long term in their marketing activities unless the farmers gain experience and sustainability. The organisation can only supervise the activities. KHDP after certain stage is helpless to support farmers. It can be seen that farmers complaint lack of training support, management support, support for process of self help etc. It can also be seen in case of Manjeri and Kaduthuruthi, the changes in the tenure of the Directors has totally changed the working patterns. It is a very interesting example to note that the convener of the Manjeri market who has low academic standards even though effectively regulated all the Marketing activities, was asked to keep account in double entry system and this in turn resulted in the change of leadership. The former director in his interview made clear about the experiments that were carried out in each market. But his successors could not understand to virtue behind many actions of the farmers and tried to control them for the sake of accountability before the Government, which has resulted in serious apprehensions in the process of self help.