

## Challenges and Opportunities of Cooperative Marketing With Respect To Small Rubber Growers in Kerala

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**Abstract:** India is the fourth largest producer of natural rubber with a share of eight per cent in the world after Thailand, Indonesia and Malaysia. Kerala accounts for 78 percent of the area under rubber in the country. The rubber plantation sector in India is dominated by small holdings which account for 92% of the production and 89% of the area of rubber in the country. In spite of this major contribution the small rubber growers are vulnerable to exploitations by dominant groups like traders, manufacturers, politicians etc. Small rubber farmers in the country are considered one of the biggest and impoverished sectors. They are basically exploited due to lack of information and training to interpret movements of trade in the market, lack of capital and post-harvest facility logistics to increase their output and undertake value-adding activities to augment and improve their economic livelihood.

Rubber Board took vigorous steps from early 1960 to encourage them to organize under dedicated rubber marketing co-operatives societies. These Cooperatives confront many distinct economic challenges that underline their need for coordinated planning and opportunities. The major challenge for cooperatives, is to simultaneously facilitate and augments economic performance of their members' businesses, while maintaining their own financial solvency

**Keywords:** Globalization, Small holder farmers, Rubber marketing cooperative societies, Natural rubber, Social upliftment,

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### I. Introduction

Small holder farmers are considered the strength of an economy. In many developing agricultural countries, almost a major chunk of the population depends on smallholder farming. As such, smallholder farming is important in terms of agriculture and for the stability of the economy. The term "small holder" is inferred in different context due to different agro-ecological zones. However it refers to their limited resource endowment with respect to other farmer's. As such, their importance derives from the prevalence, due to which their role in agricultural and economic development is inevitable. Hence, it is important that agricultural growth must continually be carried out to attain agricultural growth and for social upliftment of small rubber growers.

However the changing economic environment spurred by globalization and free trade/liberalization of markets led to a temporary confusion among market participants especially the smallholder farmers, but to some extent has opened up a lot of opportunities for many enterprising sectors. India is the fourth largest producer of natural rubber with a share of eight per cent in the world after Thailand, Indonesia and Malaysia.

Rubber small holders farmers had long remained an unorganized lot. Considering the need to promote among them a spirit of self-help, the Rubber Board took vigorous steps from early 1960 to encourage them to organize under dedicated co-operatives. The help provided included organizational assistance, share participation, working capital loans etc. As a result, a series of some 40 Rubber Marketing Co-operatives with either districts or taluks as areas of operation have since come into existence and are functioning with varying degrees of success. Besides rubber marketing, these cooperatives undertake marketing of various plantation inputs such as fertilizers, fungicides, acid for coagulation of latex, tapping aids etc. There are over 200 village level service co-operatives and co-operative banks which, among their other activities, are serving the rubber grower through marketing of rubber, fungicides, chemicals, tapping aids and other estate requisites. Rubber Marketing Co-operatives and village level co-operatives play important roles as nodal agencies for extension services. With the active help and involvement of Rubber Board, they organize and conduct a very large number of seminars, study classes etc for the benefit of rubber growers. Among the plantation crops, rubber is the dominant crop.

#### 1.1 Challenges of small rubber growers in Kerala

Declining profitability of crops, shortage of farm laborers, abnormal increases in land prices and high rate of conversion of agricultural land for other uses are the major problems in the state's agricultural sector

**Low Profitability**

Labor and fertilizer costs together account for more than 75 per cent of the paid out cost of cultivation for all major crops cultivated in the state. Within a period of five years from 1990-91 to 1995-96, average daily wages of male and female farm laborers in the state increased by 115.74 per cent and 142.40 per cent. Aggregate increase in farm prices of the major ,coconut, rubber, tapioca and cashew nut was 9.97per cent, 144.43 per cent, 67.55 per cent and 95.65 per cent respectively. Rapid increase in the daily wages of farm laborers and fertilizer prices, along with relatively lower growth rates in the farm prices of agricultural products in the absence of any major improvement in farm technology have adversely affected the profitability of crops.

**Shortage of Farm Laborers’**

In spite of the substantial increase in wage rates, the gap between demand and supply in the agricultural labor market has been widening in recent years. Growing deficiency in the supply off arm laborers’ can be attributed to many factors. First the widespread implementation of various poverty alleviation programmers like IRDP, JRY, TRYSEM and DWCRA in the state has rendered substantial employment opportunities to the rural people outside the farm sector. Secondly many small scale and auxiliary industrial units are sprouting in rural and semi-urban areas throughout the state and the rural people largely meet their labor requirements.

Thirdly the hectic construction work going on in and around rural areas and the fast growing tertiary sector absorb a major portion of the new generation of rural laborers’. Fourthly, the large-scale migration of rural youth to foreign countries and to other states has also reduced the supply of farm laborers’ within the state. Finally the slow pace of mechanization in the farm sector and the growing dislike of rural youth to take up farm labor as their full-time occupation have worsened the labor shortage problem in the agricultural sector.

**Conversion of Agricultural Land for other uses**

Compared to the 1980s annual rate of increase in the proportion of land put to non-agricultural uses has been relatively higher since the beginning of the 1990s. Within a period of four years from 1990-91 to 1994-95, absolute land area used for nonagricultural purposes increased from 2,97,000 ha to 3,23,000ha and this increase was primarily responsible for the decline in net area sown in the state during this period. With the growing pressure of population and development of the secondary and tertiary sectors, agricultural land throughout the state is being converted for the construction of residential buildings, commercial establishments, roads, health and educational institutions etc. and that in turn reduces the total area under cultivation.

**Abnormal Increase in Land Prices**

Agricultural land prices are so high in Kerala that if interest on land value is added to the paid out costs of cultivation, none of the major crops cultivated in the state is economically viable. Thus land is not always treated as a means of production in the state but often regarded as an asset that can be used for speculative exchange. Therefore many speculative investors without any genuine interest in farming have already entered the land market as buyers. This observation is vindicated by the fact that immediately after the crash of the share market in the early 1990s and prices in the State skyrocketed. Again as land is a safe asset with fair liquidity, a considerable portion of foreign remittances coming from other state every year is used for the purchase of land, which leads to a sustained increase in its prices.

Table-1

**Area, Production and Productivity of Principal crop**

Crop	Area (ha)		Production (MT)		Productivity (kg/Ha.)	
	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
Rubber	517475	525408	783485	745510	1514	1419

Source: Directorate of Economics and statistics

**1.2 What are the Opportunities?**

**Economies of scale**

The rubber marketing societies must use the economies of scale that can be obtained from the collective effort of joining small rubber grower’s forces and marketing as a group. It would result in providing fair price for the small rubber farmers.

**Bargaining power**

A group effort of small rubber farmers can combine available supply of product or consolidate services offered that allow bargaining power for the group. This bargain force can be used to gain additional economies of scale with bulk purchasing arrangements.

### **Preserving markets**

Rubber marketing societies are looking to reduce the costs of obtaining products or services. These markets are looking at buying their products or services but dealing with less people and having the same amount of product to sell through their establishments. A cooperative marketing arrangement will preserve many of the markets you use for the future as businesses move to cutting costs associated with procuring products and services.

### **Access to professional assistance/expertise (hire support)**

Small rubber growers can benefit from professional services in marketing and sales of their products. Rubber marketing societies provides necessary guidance and assistance to increase the productivity and the marketability of the rubber. Cooperative marketing societies hires the expertise to bring the small rubber growers in an organized system.

## **II. Conclusion**

Cooperatives confront many distinct economic challenges that underline their need for coordinated planning and opportunities. A cooperative system is a dual business of cooperative operations and of members' farm enterprises. The major challenge for cooperatives, is to simultaneously facilitate and augments economic performance of their members' businesses, while maintaining their own financial solvency. Another distinct economic challenge for cooperatives are benefits they provide that cannot be exclusively captured by those who have paid for them through membership. These external effects occur from marketwise actions of cooperatives in negotiating higher prices with processors, managing an even flow of product deliveries, or in conducting promotional activities that enhance prices. Interco operative coordination of planning can help cooperatives manage their distinct challenges. There are several benefits to joining a cooperative marketing venture: obtaining economies of scale, entering new market(s), accessing professional services, maintaining more of the retail dollar, increasing bargaining power, and preserving existing markets. These can benefit your operation by increased profits and efficiency, but you need to consider the challenges before you make the final decision. These are all related to the human dynamics, commitment, and trust of the members who operate and own the organization. When it comes to generating income, many of us choose the option that will bring us the highest reward in the near future. With cooperative marketing organizations, you have to look at the reward you receive throughout the year from the organization.

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