CHAPTER 3

BROAD OVERVIEW OF MARKETING OF PERISHABLE AGRICULTURAL COMMODITIES IN KERALA AND RECENT INITIATIVES

Within India, the state of Kerala stands apart in respect of its sensitivity to changes in the national and international trade environment. Its agriculture is marked by the existence of a series of agricultural micro-environments suited to different kinds of mixed farming, and by a large proportion of perennial crops in total agricultural output. More than 80% of Kerala’s agricultural commodities / products are dependant on home and international markets. The State accounts for 45% of the plantation crops in the country which provide daily employment to nearly 4 lakh workers. Nearly 20% of its population depend on plantation crops for their livelihood. Kerala’s plantation and field crop mix includes paddy, tapioca, banana, rubber, coffee, cardamom, arecanut, cashew, pepper and coconut. Kerala is also the only State in the country having a substantial stake in all four major plantation crops, viz, tea, coffee, rubber and cardamom. Further, Kerala is a major state in the production of marine products for the international market.

The agricultural revolution in Kerala has been characterised by the rise of mono-culture cash crops to a prominent position, relegating multiple cropping to the background. A major casualty in the process was vegetable cultivation. The decline of vegetable cultivation and a growing import bill is only a symbol of Kerala's food dependency. With the varied agro-climatic conditions the potential of vegetable cultivation is undisputed. Recently there has been a consensus among the experts to move towards watershed based, local-natural-endowment specific approach that would attempt to maximize production per unit of land area rather than individual crops, to counteract the agricultural stagnation( GoK, 2004)

The current scenario of vegetable cultivation in the state and the scope for a homestead based participatory attempts at improving production is vital for sustained development( GoI, 2005). The arena of vegetable cultivation in Kerala in the past was characterised by a declining trend in area under production, productivity, and a wide gap between consumption and production. There is however no reliable database what so ever that would give the trend of
area, production, and productivity of fruits. Index with base of average of triennium ending 79-80 shows that index of area under fruits and vegetable cultivation declined from 103.20 in 1978-79 to 80.63 in 1997-98 and 105.94 to 90.81 in the case of total production (GoK 1999). The decline in productivity during these decades in combination with the decline in area reduced the total production in the state. The area under cultivation is estimated to be 74288 acres (except cassava) as per statistical data.

However production still continues to fall short of the requirements. The estimated production in the state is 5.78 lakh tonnes whereas the requirement is 12.78 lakh tonnes which necessitates imports (Thomas Isaac, 1999) i.e. the external dependence is to the tune of 55 percent. Annual vegetable import bill is estimated to be 600 crores (Hali, 1996). The total area under fruit crops comes to 3.2 lakh hectares. (GoK, 2004)

Any strategy towards self-sufficiency in vegetable production requires improvement in productivity, extending the area under cultivation along with a diffusion of technical and scientific knowledge of package of practices among cultivators. Unless these attempts are linked to strong marketing networks the programme may plunge into failure. The salient features of the emerging strategy for vegetable cultivation could be summarised as follows.

(1) It was suggested that to achieve self-sufficiency, the production should be spread to one lakh hectares which means an additional 25000 hectares under cultivation. (Thomas Isaac, 1999). The scope for spreading vegetable cultivation to uncultivated lands is limited in Kerala. A more feasible alternative would be to bring homesteads in Kerala under vegetable cultivation and cultivate vegetables as a continuing crop in the paddy lands. Homestead cultivation is usually for home consumption. Only a commercial production on a large scale could ultimately lead to self sufficiency (Perumal, 2006).

(2) But a large scale production could be successfully carried on in the long run only if it is tied to a strong marketing network. The traditional marketing method may prove inadequate in the instance of large scale production. The marketing of vegetables is dominated by the private traders, with a high price spread to the extent of 34 to 60 percent.
(3) Procurement is a weak link in the production-distribution chain. Co-operatives can go a long way in plugging this loophole.

(4) There is need for co-ordinating the activities of various agencies involved in vegetable production.

(5) Avenues for exporting vegetables to gulf countries could be tapped. It has been pointed out that around 40 tonnes of vegetables from Tamil Nadu are exported to these countries from the airports in Kerala (Hali, 1999).

(6) Another important component of the strategy for vegetable cultivation is forward linkage to scientific and technical inputs. The scientific research and development could well be linked to the traditional local knowledge. Diffusion of proper package of practice, treatment of plants at various stages is a prerequisite (Rastogi, 2006).

Harithasanghams: The State Agricultural department launched a major vegetable cultivation programme under the Haritha Sanghas (group farmers for vegetable cultivation). 978 ha was brought under vegetable cultivation (GoK, 2004). The sanghas were found to function effectively for a period after which their relevance was lost.
3.1. Vegetable Cultivation Under Decentralised Planning – The Kanjikkuzhy Experience

This programme involves an agricultural strategy of micro level planning, and community participation in order to create agricultural infrastructure. The programme has been participatory in nature with an organizational structure based on the neighbourhood groups (GoK, 2003). This caught the imagination of the local bodies and all of them inevitably included vegetable cultivation in their annual plans. The above outlined strategy is well suited to decentralised planning because of following reasons.

(a) Expansion of area by bringing homesteads under cultivation is most feasible through local mobilisation. (b) Development of vegetable cultivation requires plans to be made to the agro-climatic specificities of the region and the preferences of the people of the locality. A plan incorporating these aspects could be best made at the local level. (c) Similarly, the water management, the most important input could be done most efficiently at the local level. (d) The integration of cultivation with the other components of homestead gardens could also be realised through local level planning. (e) The current agrarian relations in Kerala are characterised by the presence of small and marginal holders. A vast majority are drawing their main source of income from non-agricultural pursuits. Thus plans that take into consideration the intricacies of agrarian relations of Kerala to overcome the impediments in increasing production could more effectively formed at the local level. (f) Resources mobilisation could be done efficiently at the local level (Thomas Isaac 1999).

Vegetable cultivation occupies a prominent position in the plans for agricultural development. The allocation for 1997-98 was about 7 percent of the total plan assistance; the share declined to 5 percent in the subsequent year. There were 1426 projects during the first year which declined to 1118 in the second year of decentralised planning. It has been pointed out that the delay in plan preparations, lack of proper preparatory work, non-availability of seeds, the lack of whole hearted support from the administration are pointed to be some of the contributory factors (Viswan et al, 1999). However the vegetable cultivation is still
considered an important component of agricultural development in the plans of the local bodies.

The Kanjikkuzhy Vegetable Cultivation Programme was studied to delineate the various factors that had been instrumental in eliciting people's participation, various socio-economic characteristics, the nature of benefits received by the beneficiaries, the nature of the leadership provided by the authority, etc. in making the Kanjikkuzhy experience a success. The study also looks into the constraints on sustainability of the programme(www.localgovkerala.net).

The agricultural situation in Kanjikkuzhy has been one of steady deterioration and stagnation. The agricultural system is characterized by low productivity, shift towards less labour intensive crops and increasing marginalisation of agricultural income in the household economies. These deplorable condition form the backdrop to the local initiative for agricultural rejuvenation.

Paddy cultivation in wetlands and coconut in garden lands constituted a major source of income before the advent of coir industry. Next to coconut third prime position was occupied by tapioca which was introduced into the area as a measure of distress relief and became a regular inter-crop in the open space of the taluk. A variety of other crops co-existed in the garden lands cashew, vegetable, banana, cassava and other tubers, pepper and pulses. Vegetables, pulses, cucumber cultivation etc followed the paddy cultivation in wetlands. Another important characteristic is the integration of livestock with cultivation in homesteads which, supplements and complements crop production. It contributes to the food and is also a supplementary source of income. Around 89 percent of the households have livestock integrated into the production system. The main components of livestock in the area are cattle, poultry and goat. Average productivity of crops is less than the state average for most of the crops(www.kerala.gov.in). With this low level of productivity and fragmentation agriculture ceases to be a major source of income for vast majority of the population.

It was in the backdrop of the agricultural scenario that the panchayat searched for an appropriate intervention strategy for improving the agricultural sector. The participatory
vegetable cultivation programme that is discussed here was the answer. The vegetables could provide an ideal inter crop for coconut gardens or raised as second crop in the paddy lands. As a kitchen garden programme all the homesteads of 5949 households in Kanjikkuzhy could be involved in vegetable cultivation. The key actors in the drama that unfolded were the agricultural officer, panchayat president and panchayat secretary.

The idea of a people's vegetable cultivation programme seems to have originated from the sharp contrast of the general picture of agricultural stagnation and individual models of successful vegetable cultivating farmers in the panchayat. Kanjikkuzhy had perfected an indigenous system of farming that fully tapped the limited resource potential to produce quality vegetables for which it had become famous (Viswan et al, 1999). A number of vegetables such as cucumber, greengram, cowpea, brinjal, tubers etc., which were suited to the soil and climatic conditions were being traditionally cultivated by the farmers.

The potential of participatory local level development initiative programme had been proved by similar agricultural intervention programme that had been experimented by the panchayat in the past. Group farming in rice cultivation, group attempts in coconut and floriculture were major such experiments. The panchayat saw an opportunity for an agricultural breakthrough in properly planned mass campaign for promotion of vegetable cultivation. The basic approach of the programme was to promote vegetable cultivation in individual household plots with technical and material support from the panchayat and community efforts to create a conducive environment.

The functionaries of the panchayat, as the overall promoters of the programme, was to set up the leadership to set up. Panchayat was also to provide the necessary funds for supply of seeds, fertilizers and pesticides. The Krishibhavan was to provide the technical inputs and guidance for the programme. The constant supervision by the Krishibhavan and voluntary organizations, and squads was to ensure the adoption of the most appropriate technology. For the purpose it was also decided to impart training to different layers of leaders.

An elaborate 3 tier organizational set up with representation to all major interest groups were setup to implement the programme. In other words, it was not a programme that was being
directly implemented by the panchayat but a programme sponsored by the panchayat but
directly coordinated and implemented by an autonomous mass organizational set up. Soon
after the elections a Panchayat level committee was set up with the Panchayat President as
the president, and agricultural officer and panchayat secretary as convenors. Below the
panchayat level committee, ward level committees were also set up. Ward member was the
Chairman, master farmer the covenor. The ward level committees were also channels of
communication between the panchayat level committee and neighbourhood groups in each of
their wards. Each neighbourhood group consisted of around adjacent 50 participant
households. The major tasks taken up by the squads were (a) Conscientisation on the
programme (b) distribution of fertilizers (c) explaining the cultural practices and assisting the
participant households in cultivation whenever necessary and (d) the constant monitoring of
the programme.

The Programme: Implementation

More than 6000 packets of assorted seeds were distributed to all groups at the grass root
level. All the households had been informed sufficiently early of the date of supply of seed
kits. Majority of the respondents were attracted to the programme by the prospects of getting
better quality vegetables for own consumption. Since production was carried out with
minimum use of chemical fertilizers and pesticides the people were assured of superior
quality vegetables than they can buy from the local market (Thomas, Isaac, 1999). Relatively
low premium was attached to the profit to be derived from the venture.

Gramasabhas in which all citizens could participate had not yet became operational at the
time of the launching of the programme. Therefore the neighbourhood groups of cultivators
that had been formed as part of the programmes proved to be the most popular form for
participation during the planning stage. Neighbourhood -meetings were held with a high
level of attendance.

Marketing of the produce :

Many of the member participants expressed their dissatisfaction over the arrangements for
the marketing of the surplus by the panchayat. A stall was opened by the panchayat only for a
single day i.e. on the harvesting day, the 13th of September 1996. A mobile vehicle was
donated to an unemployed youth by the panchayat, but this arrangement was seen to be
inadequate by the people. Hence they had to sell the product at a relatively lower price.
Nevertheless there was not much difficulty in disposing the surplus.

However the price spread was relatively lower in this venture compared to many other
agricultural and allied activities. Extracting the entire share of consumer's price requires
organized marketing. Therefore 43.2 percent of the households opts for group marketing in
future and 22.6 percent said co-operative marketing could provide an answer. This assumes
significance as 68.5 percent has the plan to expand their cultivation. Only 24.7 percent are
interested in cultivating on a commercial basis. Rest though interested, lack of space for
cultivation stands as a constraint on expansion of cultivation. There is also reason to believe
that in future the production will increase as the unsuccessful adopters this year will learn
from the mistakes. Moreover the productivity achieved by the neighbours has proved to be a
source of inspiration. Other important agents who are capable of influencing the local people
are the non governmental organisations, voluntary organisations, youth clubs etc.

**Sustainability of The Programme**

Mitigation of various teething problems of the programme is the prime requirement for the
effective continuation of the programme. If the programme is to be sustainable in the long
run, it has to be commercially viable. An analysis was done of the participant perceptions of
the weaknesses of the programme, so as to identify the areas which require further attention
from the authorities.

**Production and Productivity**

A major proportion of the output was used for home consumption of the participant
households themselves. Almost all the households could get fresh vegetables during the next
three months. There was also considerable marketable surplus. As a result the price of
vegetables in the market got reduced by 20 to 30 percent. But the success has not been
uniform throughout. Variations in productivity could be detected between land size classes,
wards, and occupational categories.
**Returns from Vegetable Cultivation**

Net returns from production has been defined as the value of output less of expenses, which has been incurred to produce the output. Generally total cost is divided into operational expenses and fixed cost. Items of fixed expenditure like rental value of owned land, rent paid for leased in land, land revenue, cess, taxes, interest on fixed capital etc. are taken to be zero for the purpose of the present study as production is done on a very small scale mainly by marginal farmers in their homesteads. Net returns from Kanjikkuzhy are estimated based on the following three concepts of cost (defined for the purpose of the study). (a) Paid out-cost (Cost A) (b) Cost B which includes actual expenses in cash and kind incurred on production exclusive of family labour (c) Cost C which is derived by adding the imputed cost of family labour to Cost B.

In Cost A the actual paid out cost is used and is perhaps more relevant in a part time small scale cultivation programme as in the case of vegetable cultivation. Concept of actual paid out cost had been used for the estimation of returns as this gives the returns from the point of view of the participant households. However the own fertilizers and owned inputs has an opportunity cost which may not be figuring in the estimates of the households. Usually the input of family labour take the form of hobby gardening during their leisure time by the members of the family and obviously does not involve very high opportunity cost. Estimation of cost from an economic point of view requires cost of production to include imputed cost of family labour(Shaheena, 2000). Therefore estimation of returns has been made taking into account the imputed cost of family labour also.

Considering only the paid out cost the return to an average participant per cent for the programme is Rs. 148. Even when the material costs are in charged there is still a monetary gain of Rs.109.90 per cent. When the imputed cost of family labour is also included, returns turn negative in all size classes ie., from those cultivating in less than 5 cents to those cultivating in 100 cents. But negative balance need not be taken to mean that vegetable cultivation is a loss-making proposition. An optimal combination of proper technology and work ethic can reap rich rewards (Shaheena 2000).
But the vegetable cultivation in Kanjikkuzhy involves benefits that are intangible. Better quality vegetables and increased consumption of vegetables are among them this has been pointed out as one of the important reasons by many for joining the venture. The dependence on market for vegetables considerably declined during this period. An immediate impact of the production programme was on the consumption expenditure of the households. A desirable impact both from the point of view of the society and households, is the increase in the gross area under cultivation during the period of implementation of the programme. The small bits of land which wouldn't have been brought under cultivation had been brought under cultivation.

The services and area which needs further strengthening to sustain the programme as opined by the participants are

(1) Marketing, technical advice, supervision, seed quality and fertilizer supply even for commercial distribution outside the village. Timing of the seed distribution also needs a change, preferably before the beginning of monsoons.

(2) Increase quantity of fertilizer supplied. Pesticides may also be distributed by the panchayat itself.

(3) Loan linkage is strongly raised by 25.3 percent of the cultivators, only for extending the cultivation on a commercial basis.

The programme was continued with vigour in the subsequent years also, a test of the sustainability of the programme. Not only had the vegetable cultivation survived but has expanded both in area and commercial scope. Basically the same organizational structure continued. A major difference with the first year was the attempt to mobilize beneficiary contribution towards common expenses of the programme. A registration fee of Rs. 10 was instituted and around Rs. 50,000 were collected. Similarly a service fee of Rs.5 was collected for the payment of pesticides and its spraying. The same mix of vegetables was promoted and the emphasis was on bio-fertilizers and biopesticides. More technical advice was given and a brief brochure on cultivation practices was also distributed along with the kit. Instead of leaving the pesticide control to each individual household centralized service
was provided. Two sprayers were provided to each of the 12 wards. A team of 24 volunteers was trained in the application of bio pesticides and wages were paid from the service charge of Rs. 5 collected.

In 1998 a major development was the expansion of vegetable cultivation programme as a rotating crop after the summer harvest in the paddy fields. This is a major step towards commercialization of vegetable cultivation. Even though only in 45 hectares out of 350 hectares, the vegetable cultivation was taken up, it is a major change of direction. The vegetable production was also integrated with the state sponsored scheme of Haritha Sangha. Five Haritha Sanga has been organized. Marketing has also been more systematic. Their focus being rural markets in and around Kanjikkuzhy.

Attempt to increase the competitive spirit among farmers by offering prizes for the best farmers in each ward was continued during the second round also. The best farmers were awarded with gold medals and agricultural implements.

Kanjikkuzhy also offers an excellent example of integrating state sponsored schemes by the local plans (Shaheena, 2000). We have already mentioned about Haritha Sanghas under which the second and third round of cultivation was organized. It also coincided with the first year of peoples campaign and implementation of first year of annual plans. As part of the plan 375 pumpsets were distributed to farmers. The plan also focused on irrigation through the renovation of ponds. About Rs. 10 lakh was spent on improvement of paddy cultivation. Attempt are made to integrate all these varied schemes with vegetable cultivation programme as the central focus.

The panchayat has taken to commercial production of vegetable cultivation under the auspices of the well functioning five Haritha Sanghas in the panchayat. There is considerable marketable surplus which is marketed through twenty vegetable markets in and around Kanjikkuzhy. The Horticorp also collects vegetables from Kanjikkuzhy. However as mentioned earlier sustainability necessitates permanent marketing and procurement outlets and the panchayat is harping on to the vegetable procurement centre to be commissioned by the Block Panchayat.
Conclusion

The fact that the whole community, barring a few participated in the programme itself is indeed an achievement. The very fact that this pioneering attempt in productive sector front was able to bring almost all the households, itself is creditworthy. Though there were instances of failure and wide variations in output, the programme generated additional output of vegetables worth 25 lakhs. It did result in a marketable surplus though on a small scale, and therefore additional monetary income to many participant households.

The following key factors were identified to have contributed to the success of the programme.

(1) The whole process in Kanjikkuzhy was supported by a strong tail wind of previous agricultural experience. Kanjikkuzhy had a tradition of vegetable cultivation even though it had declined in the recent decades. There were many vibrant model farmers who had survived the times. The programme successfully adapted the cultivation practices that have evolved over time.

(2) Equally important is the suitability of the technology to resource endowment, of the area. What one could observe in Kanjikkuzhy was that there was a conscious effort to overcome the constraint set by nature in the form of the soil specificities, which was over come, by a traditionally evolved method. Thus there was an effort to introduce it with the right blend of bio-fertilizers and chemical fertilizers. This assured the quality of vegetables, which had driven most of them to participate.

(3) Leadership seems to be one of the most important catalytic forces behind the elicitation of participation. The experience would well be cited as an example in which bureaucratic, political leaders and the grassroots leaders were optimally combined and cooperated. The Panchayat Samithi provided-popular leadership and was able to evolve a style of functioning that facilitated the participation of everyone irrespective of sectarian affiliations. The equal enthusiasm shown by both the Front leaders added elicitation of participation. Leaders set an example by producing the vegetable themselves practicing what is being preached. Moreover within Kanjikkuzhy the success is correlated with the previous experiences in collective
action. The fact that the benefits accrue directly to the producers and an attempt was made to increase vegetable production, which is useful to every participant, has also contributed to the fame and success of the programme.

(4) The role played by the krishibhavan, particularly in conceiving and providing technical assistance to producers was of key importance. The commitment of the krishibhavan staff, who were at the helm of affairs, was uncontested. At least 80 percent of the plots have been visited personally at least once by the Krishibhavan staff who were at the helm of affairs.

(5) Popular committees that were formed were not namesake organizations, but participatory bodies - particularly the Neighbourhood Groups and voluntary squads of NHGs.

(6) The wide publicity that the experiment received contributed to strengthening their pride and local enthusiasm.

**Limitations:**

A major area of weakness was marketing. Seasonal glut and poor price realization continued to be constraints. If marketable surplus did not create a problem during the period under study, it was mainly because of small scale of production of most the participants. Despite the predominance of small-scale cultivation marketable surplus emerge and marketing arrangement proved to be inadequate. Staggering the cultivation over period of time, organized marketing networks and providing facilities are of vital importance, if programme is to be expanded on a commercial scale. There is also the need for improving participation of the social and cultural organizations(Vijayakumar, 2006). There is also the need for improving productivity of many by providing a greater technological background.

In the background of the agrarian stagnation in the state and the ongoing efforts accelerate agricultural production and productivity through decentralized planning, the vegetable cultivation promotion by Kanjikkuzhy panchayat has a special significance. The nature of agrarian crisis in the village, extreme fragmentation of land holdings, ecologic degradation, marginalisation of farming activity, erosion of traditional cultivation practice ineffectiveness of mainstream development agencies etc are features that are typical to most of the villages.
in Kerala. Any programme of agricultural rejuvenation would have to specifically address these barriers to development. The significance of Kanjikkuzhy is that they were able to devise a programme suited to their specificities.

3.2. Recent Initiatives in the marketing of perishables in Kerala.

3.2.1. Kerala Cooperative Milk Marketing Federation (KCMMF)

Kerala Co-operative Milk Marketing Federation (KCMMF), popularly called MILMA was established in April, 1980 with its Head Office at Thiruvananthapuram for the successful implementation of the Operation Flood (a dairy programme launched in 1970 under the aegis of National Dairy Development Board (NDDB). The name MILMA represents around 2,600 primary milk co-operative societies and 7.5 lakhs farmer members. There are 3 Regional Co-operative Milk Producers' Union, 10 dairies capable of handling 9.90 lakhs litres of milk per day and 14 milk chilling centres under MILMA. It also has 2 cattle feed plants with a cumulative capacity of 500MT per day and 1 milk powder plant of 10MT per day capacity. It has a well-established training centre and 5,000 retail outlets. Over 30,000 people are working either directly or indirectly for the functioning of MILMA.

The Objectives of MILMA are

- To channelise marketable surplus milk from the rural areas to urban deficit areas to maximize the returns to the producer and provide quality milk and milk products to the consumers.
- To carry out activities for promoting Production, Procurement, Processing and Marketing of milk and milk products for economic development of the farming community.
- To build up a viable dairy industry in the State.
- To provide constant market and stable price to the dairy farmers for their produce.

The Motto of Co-operation of "of the people, by the people and for the people" is the foundation of the "three tier system" followed by the organisation. At the village level there are the Village Milk Co-operative Societies which have the local milk producers as its
members. These Village Co-operatives unite at the Regional level and form Regional Co-operative Milk Producers' Unions. These Unions are federated at the State level to form State Federation namely Kerala Co-operative Milk Marketing Federation (KCMMF). Milma is in constant touch with other organisations in this sector. It is only through this active exchange that milma grew from a small dairy co-operative to the position it holds in Kerala today. The chief associates are National Dairy Development Board, Amul, the Dairy Co-operatives of Gujarat and the Kerala Livestock Development Board under the Government of Kerala apart from Department of Animal Husbandry and Department of Dairy.

Kerala Cooperative Milk Marketing Federation (MILMA)
Regional Cooperative Milk Producers Union
Anand Pattern Village Milk Cooperative Societies (APCOS)

**Functional Areas of KCMMF** : They include

2. Purchase : Involved in Centralised purchase of Dairy consumables, Purchase of Raw Materials for Cattle Feed Plants and Purchase functions of KCMMF Head Office.
3. Quality Control : Involved in rendering technical & legal assistance to primary dairy co-operatives and Regional Milk Unions, Liaison and maintain quality of milk and milk products as per the standards, Liaison with statutory authorities for bringing in suitable amendments in statutes and attend to consumer complaints on quality problems
4. Finance : Involved in financial management of KCMMF and its units, liaison with financial institutions for availing loan for creation of infracture, liaison with Government for availing Government financial assistance, long term repayment and scheduling of loans, capital Management Schemes for primary co-operative societies and recommend remuneration of APCOS employees
5. Projects : Involved in planning and execution of projects for creating infrastruture for Regional Milk Unions and KCMMF, providing consultancy for execution of projects,
liaisoning with statutory authorities like Factories and Boilers, Electrical Inspectorate, Dept. of Explosives etc for obtaining approval and implementation of projects, liaisoning with Government for land allocation, water, power and other amenities and estate management and assistance in maintenance of Plant & Machinery of KCMMF Units

6. Planning & Systems : Involved in maintenance of Systems at KCMMF, Units and Regional Milk Unions, development of softwares to support various functions, purchase of Hardware & Software, support Management Information System, networking and conduct Training programs for development of computer skills

7. Human Resource Development : Milma family has 2098 skilled, efficient and qualified personnel and has an excellent labour relationship. It takes active role in framing personnel policies and service rules, finalise long term wage settlement, bonus etc and placement and career development activities.

**Operations**:

In order to effect efficiency and expedite the process of procurement and marketing, KCMMF has three Regional Co-operative Milk Producers' Unions in Kerala. These three unions cover the northern, central and southern regions of the state respectively. These divisions have helped to decentralise and democratise the functioning of the organisation.

The regional milk unions of "milma" function on democratic lines. Membership to the village level milk farmers co-operative societies and right to vote are strictly controlled by well defined rules. These rules are based on the quantity and continuity of the milk contributed by the farmers to the society( 500 litres in a year or 180 days of supply). The managing boards of all three Unions comprise elected representatives of the milk farmers and the board of KCMMF comprises of three nominees from each Union. The chairman of KCMMF is elected from among the elected representatives nominated to the managing board. Kerala is the first federation to have adopted the marketing Strategy of NDDB and the mnemonic symbol of NDDB. For effective lean flush management in milk procurement, the dual pricing system was introduced for the first time in all the three Regional Milk Unions.
Both the procurement and sale price are decided by the KCMMF in consultation with the Regional unions. As a result the prices are same across the state. The price chart for procurement from APCOS and also the chart for payment by the milk producers are consequently revised. APCOS sells 30-40% of the milk procured there itself and the rest is sent to the Regional union where it is processed and packed for sale. The APCOS societies earn a profit of 50 paise per kg of milk which is utilised for the functioning of the society. The state federation is involved in the marketing of products like milk powder, cattle feed, mango products, flavoured milk etc.

Distribution channel: The major strength in the marketing front is the distribution network established through strong agents who have penetrated deep into the urban and rural areas. The Fluid Milk is marketed mainly through Commission Agents who are paid 3% of the selling price whereas the products are distributed to the retail outlets through wholesale distributors who are paid commission at the rate ranging from 10% to 22%.

Milma is an Organisation of the farmers. They are the producers of the raw material-milk, the shareholders in the organisation and the Chairman and Board of Directors are elected from among them. The Farmers are members of the A P C O S (Anand Pattern Cooperative Societies). The Presidents of the APCOS form the General Body of the Regional Milk Unions, which Federate to form the KCMMF. Milma provides the members of APCOS with various services at nominal / concessional prices.

- Procurement of Milk: First and foremost, milma provides assured milk market and procures milk from even the remotest societies. Twice a day the milk collection trucks go to the societies and collect milk. In areas which are not accessible by road, other means of collections are employed.
- Veterinary Service: The veterinary wing operates two types of veterinary routes, regular and emergency.
- Cattle feed Plants: Balanced cattle feed is the major centralised input provided to the dairy farmers of the State from the Federation. There is a high level of acceptability for this product in the market.
• Training Centre: In keeping with the ideology of placing the instruments of progress in the hands of the farmers themselves. An orientation programme is offered to the farmers to equip them with the basic and the fundamentals of co-operatives, accounting, testing, laws etc. A full-fledged training Centre is functioning at Trichur.

• Co-operative Development Activities: The inherent togetherness brought about by being a part of a Society was seen as a potential platform for dissemination of related information and discussion of various issues that crop up in the normal village life style. Thus was born the idea of a Co-operative Development Wing which held activities that saw the village as a whole and the Society a nodal point, ie these activities went one step ahead by seeing the milk suppliers not merely as a farmer member but went on to see them as a part of the fabric of the village. The issues dealt with human health aspects, nutrition aspect, scientific management techniques of dairying and such varied topic with the help of leading experts. This is more of a socially motivating exercise than an image building venture.

• Embryo Transfer: In an effort to bring the results of research into the field conditions, Embryo Transfer Technology has been introduced to upgrade cattle wealth. ET was started in 1990 and so far, had a commendable 48% success rate which is comparable to the national standards,

Milma has a range of products. A marketing chain consisting of nearly 4000 retail outlets, across the state ensures availability of milma's products to consumers. Milma with its motto your health is our concern has become synonymous with assured quality of milk and milk products. Milma's spectrum of products adhere to the PFA rules and are released for distribution only after stringent quality checks. The main products are Milk in sachets and bulk, ghee, butter, icecreams, beverages like Refresh, cardamom milk, sambharam, curd, sweets like peda, cream roll, cattle feed etc.

Learnings

• Milma is a fairly organized concern with a strong base of Primary and regional societies.
• Milma has been able to provide the commercial producers with an assured market for their product.
• It has a strong established retail chain which links the Regional unions to the consumers through retailers. The state federation has an established marketing chain of distributors and retailers.
• Policy decisions are taken by Milma in coordination with the government.
• The producer is receiving 79% of the consumer rupee. The procurement price from farmer is Rs. 12/litre of milk. The additional costs that the federation incurs include the procurement cost, processing expense, packing cost and distribution expenses which come to around Rs. 3/litre. The current selling price is Rs. 15/litre only. This is the reason for the high farmer realization of consumer rupee. But owing to the cost of production of milk, the farmer price cannot be reduced. The only option to make the establishment sustain is increasing the retail price.
• Mostly 80% of the milk produced from milma is of local origin while only 20% comes from outside the state, that too in seasons. This is in sharp contrast to the other private players in the field who procure mainly from outside the state.
• Production is more during the months of June, July and August when the excess produce is transported to the state federation from the regional unions and processed to milk based products.
• Unhealthy competition from private firms in the sector affects the functioning to a great extent. Procurement price of milk is low outside the state. The milk is to be transported at 5°C for maintenance of shelf life and quality which is often ignored by the private players. Instead additives are added to prevent damage which is not advisable.
• Unforeseen crisis like hartals were found to handicap and collapse the whole process of procurement, processing and marketing.
• Productivity is found to be increasing as opined by Milma officials.
• A lack of coordination could be noticed among the various agencies catering to the needs of the milk producers which include Milma, Department of Animal husbandry, Dairy Department and Kerala Livestock Development Board.
• Members were elected from APCOS to the unions on a political basis and hence political intervention was present in management from grass root level. The process of election than nomination itself showed the political base. With every successive step in the chain, the level of political intervention increased.
• Since membership in society was linked to milk supply in quantum and duration of supply, there were chances for purposeful inclusion of ineligible members in order to achieve political gains during elections in the society.

3.2.2. Kerala State Cooperative Federation for Fisheries Development Limited (Matsyfed)

The Kerala State Co-operative Federation for Fisheries Development Ltd. (Matsyafed), was established on the 19th of March 1984 registered as a Co-operative Apex Federation of primary level cooperative societies. The aim of Matsyafed is to liberate the fishermen from the clutches of the middlemen by extending cheaper credit and organising them by providing them with a platform for coming together and directly involving in the decision making process. The ultimate aim is to assist the fishermen to assert their legitimate right over their produce and thereby enhance their income which would be a major step in the total development of the community. To achieve this objective, Matsyafed has developed a well-defined strategy, the major thrust of which is member participation at all levels.

The main objectives of Matsyafed can be summarized as:

1. Ensuring total development (economic, social and cultural) of fishermen community
2. Implementation of various schemes
3. Promoting production, procurement, processing and marketing of fish and fishery allied products.

Matsyafed works towards enhancing fish production in marine and inland fisheries sector, augmenting income of producer fishermen through the beach level auction system by eliminating middlemen, providing infrastructure facilities for procurement, pre-processing and marketing of fish and fishery requisite and providing marketing and technical support for enhancing capture and culture fish production. It also has directed efforts for ensuring
forward and backward linkages in the sector, improving inland fish production through scientific aquaculture practices, providing opportunities for occupational diversification through self-employment programmes, providing technical consultancy services, creating awareness on health and hygiene, ensuring debt and distress relief, motivating children of fishermen community for educational development and empowering women through formation of SHGs(Krishnan and Birthal, 1998). The activities of Matsyafed include developmental programmes aimed at enhancing production, self-employment programmes, commercial activities for forward and backward integration, aquaculture programmes, extension and mass communication activities, welfare activities, engineering works and motivational activities.

**Organisational setup:**

The administration and management of Matsyafed is vested with 25 member Board of Directors comprising of fifteen elected members from the board of primary co-operative societies of the various coastal districts, three government nominated members, four state government officials and one representative each from NCDC, NMDFC and NBCFDC. The Board is headed by the Chairman. At Present the Federation is managed by an Administrative Board appointed by the State Government.

The Federation has 654 Primary Fishermen Cooperative Societies affiliated to it spread over 10 districts of Kerala - 344 in the marine sector, 187 in the inland sector and 133 women co-operatives. The primary societies are clubbed into 54 clusters based on membership, geographical area and administrative convenience. The number of primary co-operatives varies from 4-8 in a cluster. Matsyafed has an Office in each cluster, which is headed by the Project Officer. The Project Officer functions as a liaison Officer providing necessary guidance and advice on the developmental programmes to the primary co-operatives. The Project Officer is responsible for the implementation, monitoring and evaluation of the various projects at the grass root level, extension activities etc.

There is a District Office in each of the 9 maritime districts and 1 in the Inland district each headed by a District Manager. The District Managers with a team of supporting staff co-
ordinate and supervise all the activities in the district. The Managing Director is the Chief Executive of the organisation.

Board of Directors
↓
Managing Director
↓
General Manager
↓
Divisions on Finance, Projects, commercial operations, aquaculture, Engineering and Personnel
↓
Ten district Offices
↓
54 cluster project offices
↓
654 affiliated fishermen development welfare cooperative societies.

**Beach level Auctions / Control over first sale**: The main focus of the Federation is to equip the traditional fishermen to achieve control over the first sale of fish. The system of beach level fish auctions developed across the State through the primary co-operatives have enabled fishermen to exercise the first right over sale of fish. The fishermen are also ensured of getting cash-down payment at the beach itself through the primary co-operatives. A tie-up has also been made with seafood exporting companies for procurement of high value and bulk quantity of fishes through the primary societies so that the producers get a reasonable price for their catch at the beach itself. This has ensured that there is no price fall during bulk landings. The fishermen are also assured timely assistance for replacement of their fishing inputs and working capital requirements. Matsyafed also provides working capital assistance to the primary co-operatives for strengthening the beach level auction. Matsyafed took up the distribution of fishing inputs at subsidised rates and at comparatively very low rates of interest to groups of fishermen through primary cooperatives, provision of working capital, marketing infrastructure, supply of fuel and other fishing accessories.

Matsyafed is implementing the Input Security Scheme (MISS) for compensating the losses due to accidents and natural calamities sustained to the fishing implements distributed under
Matsyafed schemes. Matsyafed is running two community peeling centres in Kollam district. The Community Peeling Centres are being run as a common service facility for the fisherwomen of the area.

Matsyafed has been implementing schemes with the assistance of different agencies in skill development and self-employment ventures. The Matsyafed Net Factory has emerged as the pioneers in the fishnet industry in India. Established in the year 1966 at Ernakulam, this factory uses the latest in Japanese technology for producing good quality nets to the fishermen. This is the largest fishnet company in the public sector.

Matsyafed Ice and Freezing Plant (MIFP), situated near the fishing Harbour at Cochin, presents itself with full-fledged storage and refrigeration facilities conforming to International Quality Standards. Matsyafed has set the highest standards for itself in product quality control. An in-house Quality Control and R & D along with the most modern laboratory are dedicated entirely to ascertain that the product is of superior quality and in par with international standards. For securing maximum raw material freshness and avoiding repeated raw material handing, a landing platform for berthing fishing vessels and a fleet of refrigerated and insulated trucks for transport have been set up. Matsyafed established a Factory at Kollam in 1988 for the separation of chitin from crustacean shell. It has an installed capacity for producing 50 MT of Chitin in a year. Chitin and chitosan find its use in a variety of areas. It is used as a functional food in Japan, used along with poultry feed, for textile sizing, printing, for manufacturing surgical surfaces, for water treatment, for artificial kidney membranes etc.

There are two Fish Manure Producing Factories located at Azhikode (Thrissur District) and West Hill (Calicut District) with an installed capacity of 1500 tonnes each. Fish Manure, named “Nutrifish” produced from Fish waste, Castor Oil Cake, bone meal and potash etc., is an ecofriendly organic manure. Nutrifish is widely used for all types of crops and yield better productivity.

Matsyafed produces a variety of value-added ready-to-fry and ready-to-eat seafood products of international quality. These products are marketed in the trade name of 'Matsya' and have
become supreme in quality and excellence. The Ready-to-fry products include Fish Slices, PUD Prawns, Squid Rings, Cleaned Mussel Meat, Frozen Cutlets and the Ready-to-eat products include Pickles and Curries. The delicacies like Ribbon Fish, Tuna, Spanish Mackerel and Crabs, Octopus are currently exported to countries like China, Korea, the Middle-East & Sri. Lanka. An exclusive Marketing Division takes care of the specific requirements of the consumers of Kerala and ensures the supply of the products with promptness. 'Matsya' products are available at all major supermarkets and other frozen food outlets spread across the southern states as well as abroad. Matsyafed is the sole importer and distributor of Suzuki and Yamaha brands of Out Board Motors (OBMs) in South India. The well-oriented OBM division assesses the demand and supply of OBMs to the traditional fisheries sector. A chain of retail outlets called Vyasa stores has been established in all coastal districts to supply OBMs, Nylon nets and other accessories. Other than this, the OBM service centres are located at fish landing centres to supply the spare parts of OBMs and servicing the OBMs in repair.

In order to encourage aquaculture in the State, Matsyafed is implementing various programmes like brackish water prawn hatcheries and fish farms. It also has different programmes for women empowerment mainly for the rearing and breeding of ornamental fishes. Due emphasis to extension activities is also given since it is felt that the backwardness of the fisherfolk is mainly due to the lack of general awareness among them. Mass contact programmes, training programmes, health awareness camps, medical camps etc. are organised at the fishery village level for the fishermen by Matsyafed.

**Learnings**

- Though Matsyafed has been instrumental in the formation of primary cooperatives of fishermen, it is noticed that only 20% of the fish is marketed by Matsyafed societies and 80% is marketed by external parties.
- It is noticed that there is no control on the system of marketing. There is no time specification for the auction process. It usually starts at 5 A.M in the morning and extends at times till 7 P.M. in the evening. This causes wide disparity in the prices realized by the fishermen.
• The fishermen are found to lack marketing responsibility. Being tired after a catch they somehow want to dispose the produce. The perishability adds to their mindset of distress selling.
• Generally the first catch reaching the beach may fetch good price and if the second catch is not of a different variety, prices slump.
• Auction is the marketing system practised and is purely impulsive without any scientific basis and was unilaterally conducted by the traders,. The fishermen had no say in price fixation. there is no norm for price fixation.
• No grading norms were found prevalent in the sector.
• The sector is not organized though it works on a three tier system. Grass root groups are not strong and cohesive.
• The marketing chain has a number of intermediaries consisting of 2-3 agents, wholesalers and retailers who bag the major score of the realization. .
• The fishermen are able to realize only 40% of the share of the consumer price for their produce.
• Lack of storage and warehousing facilities hinder the marketing process.
• Lack of export linkages and direct consumer market access to the societies hinders the scope for realizing better returns.
• Though Matsyafed has been able to channelise its activities towards augmenting income, providing infrastructure etc to the fishermen, the efforts have not been able to create an impact at the grass root level and the need for a total package for the fishermen was genuinely felt. .
• It was noticed that Matsyafed provided credit to its member fishermen, but it was mostly inadequate and untimely. The fact that the fishermen lacked credit worthiness added to the problems faced.
• The Directors Board of Matsyafed consisted of politically elected Directors and not nominated ones from the primary societies.
3.3. Vegetable and Fruit Promotion Council Keralam (VFPCK)

Vegetable and Fruit Promotion Council Keralam (VFPCK) is a company constituted under section 25 of the Indian Companies Act, 1956. VFPCK was formed to sustain the activities of Kerala Horticulture Development Programme, a project of the European Union and the Government of Kerala, aimed at overall development of commercial fruit and vegetable farmers of the state of Kerala. KHDP launched in 1992 could make spectacular changes in the fruit and vegetable sector of the state of Kerala. KHDP was appreciated as one of the best developmental projects financed by the European Union in Asia. To carry forward the successful interventions of the programme, VFPCK was constituted to meet the challenges in the horticulture sector. Since its inception in 2001, VFPCK has been striving to make remarkable changes in the livelihood of the farmers by improving their capacities by providing adequate support in the areas of technology, credit and marketing.

Kerala Horticulture Development Programme – The origin and development:

Kerala Horticulture Development Programme was a European union aided project conceived to improve the overall situation of the fruit and vegetable farmers of the state of Kerala through

- the provision of improved planting material, introduction of improved agricultural practices and packages, and easy and timely access to farm credit and
- the improvement of the marketing system for fresh fruits and vegetables and the development of a modern fruit processing industry.

KHDP was initiated as a silent experiment to develop more effective policies and set up grass root level institutions to solve the problems of ordinary farmers. The funding for the implementation of the project was in the following manner: 78% of the project cost by the European union and 22% of the cost by the Government of Kerala. The total project outlay was 137 crores.
This successful mission was carried out by a team of national and international specialists and young professionals in agriculture and management under the leadership of a Programme Director. Following an intensive district wise survey, field implementation of the original 6 year project started in Trivandrum and Ernakulam in November 1993. Later activities were extended to Kottayam, Thrissur, Palakkad, Malappuram and Kozhikode.

Following the success of the programme, The European Union extended support for a further period of two years, during which KHDP organically evolved to form Vegetable and Fruit Promotion Council Keralam(VFPCK). The activities of KHDP was based on the grass root level organizations called Self help Groups and the motto of self help. Farmer power has moved beyond the simple function of raising crops, for KHDP’s umbrella has created an environment under which players from all fields of horticultural development can meet and mutually benefit from their meeting(www.vfpck.org).

**Genesis of VFPCK**

Projects are usually forgotten when their time is run and this is true even in the case of the most successful projects. But, KHDP, being unique in its own way, got organically evolved to an autonomous, self financing, non profit and sustainable company called Vegetable and Fruit Promotion Council Keralam. The share holding pattern in the Council is also unique. This is an organisation with adequate representation from the farmers for whom the organisation works. It is the first in India where farmers have the majority control and yet is actively supported by both government and service institutions. The authorised capital of the council is Rs. One crore divided into 10,000 equity shares of Rs. 1000/- each. Share holding pattern is not less than 50% to SHGs, not more than 30% to Government of Kerala and not more than 20% to banks, research institutions, marketing agencies etc directly related to the activities of the council.

Only those self help groups that confirm to the operational standards fixed by the council will be eligible to hold shares. One master farmer nominated by each group will hold the shares representing the respective SHG. Since farmers constitute a major part of the share holders, the interests of farmers will be protected and activities for their upliftment is ensured.
The unique share holding pattern makes the council different from the traditional approaches in the agriculture sector. The feelings of the grass root level farmers will be better sounded in the decision making tables, which is a first kind experience to the poor and unorganized rural public of India. The structural composition of the council promotes the strategy of involving the beneficiaries in decision making and this will indeed revolutionise the agriculture policy of the country.

**VFPCK Director Board**

The council is governed by a board of Directors comprising of 11 members. The organization is supported by the Government of Kerala and activities of the organization coordinated with the policies of the Government. The Chair person of the Council is the Minister of Agriculture, Government of Kerala. The Chief Executive Officer who is appointed by the Government of Kerala, will look after the day to day affairs of the Council subject to the supervision and control of the Board of Directors. The Board also includes representatives of the Government of Kerala, representative of participating banks, representative of a national agency on Horticulture etc. A unique feature of the board is that it has four farmer Directors selected from the member farmers of the council who strongly voice the interest of the beneficiary group of farmers for whom the organisation has been constituted.

**Objectives of VFPCK**

The main objectives of the council are the following:

1. To support, maintain, increase and promote the commercial production of vegetable and fruits and their consumption by:
   a. facilitating the optimal and sustainable utilization of technology, human and natural resources
   b. improving the livelihood security of the dependent farmers by empowering them through access to technology, skills, material inputs, credit and infrastructure.
   c. Ensuring a better share of income from production through cost effective and producer oriented marketing.
In such a way that funds available with the company is used most effectively for the purpose of achieving the objectives of the company.

2. To sustain the successful activities initiated by Kerala Horticulture Development Programme.

The council aims to attain the objectives foreseen through the principle of “Self help, Participation and Prosperity”. The mission of the organisation is “To develop and sustain cohesive self help groups of farmers who use participatory approaches and innovative, environment friendly practices to produce and market vegetables and fruits, leading to prosperity and gaining social empowerment”. The council states its vision as empowered farmer groups leading the nation in reaping the fruits of self help.

4. Structural composition of VFPCK

The council is an autonomous body which is self supported and will generate its own internal resources for its sustained operations. The structural composition of the council is well planned to suit its style of functioning. The eleven member director board of the council constituted by 4 farmer representatives, representatives from participating banks, nominees of Government of Kerala, EU and leading horticulture agencies of the country will define the policy decisions of the council. The council is headed by a Chief Executive Officer (CEO) appointed by the Government of Kerala. Under the CEO, the Council operates through the three functional divisions Viz Project Planning and Implementation division, Horticulture Resource center and Administrative and Fund Management

The organization structure of the council is such that planning and implementation of activities is initiated from the grass root level. The field level operations will be based on the concept of officeless extension, a model developed and successfully implemented by its predecessor, KHDP. The level of operations will be widened in a sustainable way. The council intends to emerge as a centre of excellence in the field in the field of horticulture in the coming years.
Services provided

The council provides the following services to the vegetable and fruit farmers in the state.

- **Capacity building of all stakeholders in areas related to fruit and vegetable production, marketing and value addition through need-based trainings:** The objective is to manage a capacity building process among the stakeholders by providing information, refining knowledge and skills and developing favourable attitudinal change so as to help them make better use of knowledge.

- **Disseminating knowledge at farmers’ doorsteps through office-less extension system:** Office-less extension concept promoted by the organisation provides the opportunity for the farmers to get access to the guidance of the extension personnel at his doorstep, where the officers listen, discuss, analyse, facilitate and find solutions to the problems.

- **Improving the bargaining power of farmers through participation in price setting, by facilitating group marketing:** The objective is to equip the farmers in the self-help groups to take better marketing decisions based on their improved skill and knowledge in analyzing market situations and thereby increase the net price realization of the farmers.

- **Providing infrastructural facilities for farmers’ markets:** Tangible supports are provided in terms of infrastructure to the farmer markets to assist them in their functioning.

- **Extending credit through participating banks:** The objective is to empower the farmers in the self-help groups to develop a sustainable relationship with the participating banks to avail credit.

- **Providing insurance coverage for crops like banana:** The Council, in association with participating insurance companies extends insurance cover for banana thereby covering the risk factor faced by the farmers. The insurance package is developed in a farmer-friendly manner so that specific crop losses are compensated.

- **Facilitating adoption of technology:** The objective is to enable farmers of self-help groups to adopt improved production practices leading to higher productivity and net income.
Providing quality seeds and planting materials: VFPCK has a registered Seed Grower’s Association, who produce quality seeds under the guidance and supervision of VFPCK officials which is supplied to the farmers, on demand.

Promoting Integrated Pest and Disease Management: The Council promotes the adoption of environment friendly cultivation including integrated pest and disease management.

Value addition of fruits and vegetables: The objective is to facilitate the farmers in the self-help groups to practice value addition techniques so as to increase their price realization.

Export promotion: The farmers of the self-help groups are equipped to cater to the export market by empowering them on the export standards, quality preferences and other areas of interest in export.

VFPCK is the unique organisation having Farmers, Government and Financial institutions as the major stakeholders. The organisation is professionally managed and result-oriented in its approach. It has introduced and refined several concepts for developing agricultural developmental policies, which helps in effectively addressing and solving many long-standing problems of the country’s agricultural sector.

VFPCK is equipped with infrastructure facilities and is having rich experience in conceptualizing, developing, implementing and evaluating novel concepts. The major strength of the organisation is the team of young professionals qualified in various disciplines like agriculture, management, rural development, social work etc who are well trained and experienced in implementing various concepts. VFPCK has its base on around 1,10,000 odd highly motivated and innovative farmer members in 5722 SHG’s who are ready to undertake new activities related to production and value addition in a sustainable way for enhancing their income status, once they are guided in the desired direction. As a result of its interventions, VFPCK has been able to bring around 19000 ha under the cultivation of vegetables and 21500 ha under banana cultivation according to the statistics in 2006. Apart from this, VFPCK has the strong confidence and determination in developing and implementing activities and various concepts for the betterment of the farming community.
Self Help Groups:

VFPCK works through the motto of self help, participation and prosperity. The corner stone for the successful implementation of the activities of the council is the Self Help Group (SHG). Formation and promotion of SHGs is the core concept employed by the council to create a sustainable medium to implement the developmental activities envisaged. A voluntary group of 15-20 farmers form an SHG and each SHG functions according to a set of mutually agreed norms. To become an SHG member, one must cultivate fruits and vegetables on 0.5 acres for 2 seasons or 0.25 acres for 3 seasons or grow 300 bananas, producing a marketable surplus and be a permanent resident of the area. SHGs create opportunities for farmers in terms of improved agriculture practices, quality input procurement, availability of credit and increased bargaining power other than improved marketing system.

Every SHG selects three farmers to lead the group in areas of production, credit and marketing. These farmers are given extensive training in their respective areas and are also geared up to impart knowledge to their fellow farmers. Instead of providing subsidies, the council educates the master farmers on various technologies and know how. The trained master farmers form a rich human resource group who can effectively be utilised for grass root level application of learning, direct experience sharing with farmers and even as trainers and facilitators for farmer trainings. The officeless extension methodology adopted and propagated by the council enables the farmer to get assistance in technology, credit and marketing at his doorstep. The informal nonlegal entity of SHG is the base on which the group marketing centres are built upon. This helps in solving problems that arise in course of its functioning since SHG always provides a platform for discussion. The SHG’s pass through various stages like formation stage, stabilization stage and the final stage of self help when they evolve as self reliant informal institutions.
Group marketing:

VFPCK, working in the fruit and vegetable sector was faced with the task of developing a marketing system for fruits and vegetables. Group marketing concept, the innovative model of participatory rural marketing conceptualised and implemented by VFPCK through its member farmers in self help groups is found to be effective in addressing the problems in the fruit and vegetable sector. Under the concept, farmer markets are constituted where the farmers bulk and trade their produce. The farmer market is envisaged as a means for the farmers to improve their bargaining power.

As a result of the interventions of the Council, 204 farmer markets have been established. These farmer markets trade produce worth over 60 crores in a year.

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Market Information Centre:

VFPCK collects market information on daily prices and arrivals of important fruits and vegetables from 16 Kerala markets and 4 out of state markets. This information on daily prices provides a base for the fixation of prices in the farmer markets. Apart from daily price information, weekly trends, price forecasting etc are provided to the markets especially during onam season when the farmer markets participate in tenders for supply of produce. Apart from this, the information or analysis requested by the farmer markets is also provided to them.
Retail marketing:

The Council has also ventured into the area of retailing of fruits and vegetables. The objective is to provide better services and products to the consumers, provide a direct link between the producer and the consumer, help farmers realize a higher share of the consumer rupee thereby resulting in net value addition and enable better handling of fruits and vegetables from farm to retailer thereby reducing losses. The retail counters of the Council are branded as Sasya and promote the concepts of transparency in prices and weighments, good hygiene, improved post harvest handling of produce to reduce losses and retain freshness, ability to purchase desired quantity since electronic balances are used, farm fresh fruits and vegetables and better services as home delivery.