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Scarce raw materials

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CHAPTER - V

THE PROBLEMS OF THE PRIMARY PALMGUR CO-OPERATIVES

The Primary Palmgur Co-operatives have to face a number of problems as discussed below:

SCARCE RAW MATERIALS:

Inadequate utilisation of the palm resources is the main problem faced by this industry. India claims to possess more than 8 crores of palm trees out of which not even 3 crores are fully utilised. The youth are not attracted to take-up this occupation because of the hazards faced in climbing and its failure to provide employment throughout the year. Even the existing artisans face uncertain employment for a period of six months in a year and they earn their additional livelihood by working as agricultural labourers or as coolies migrating from place to place. This has discouraged the youth to take up this profession. In turn this leads acute shortage of raw materials. Hence, the artisan does not get enough of what he wants.

Neera is a biological product and one of the major
problems faced by the industry is its preservation from fermentation. Inspite of efforts made over a period of time the problem of preserving neera from fermentation remains to be solved. The problem is aggravated especially on account of the fact that the collection is so decentralised, spread over crores of trees and handled by thousands of artisans during varying seasons and weather conditions. Fermentation takes place at various stages of extraction, collection, transit and storage.

While neera is the raw material for all edible products preparation, its extraction from palms need the professional capacity for climbing and tapping the palms. Tappings of palms are generally attended to by a class of people who were traditionally involved in the art. The younger generation of the traditional artisans are encouraged the work of extraction of neera with modern technique of climbing skill.

The preservation of neera with slacked lime continues without any other alternative which excels it. Post collection and storage of neera are made possible by physical method of chilling and cold storage and converted into acceptable beverages, but the field is open for research for an effective preservative.
The Food Science and Nutrition Research Institute, Madurai is also conducting research for the hygienic collection and preservation of neera for a longer period and to increase the life of palm jaggery.

INADEQUATE FINANCIAL ASSISTANCE:

The funds annually allotted under "Agreed Programme" is insufficient to cover all the artisans in each primary society. It finally leads to factions among the members.

On seeing the quantum of assistance received from the KVIC during the past two decades it reveals that the poor capital investment of schematic funds is very meagre.

In Tamil Nadu about 5 lakh of rural artisans are engaged in Palmyrah based industry both directly and indirectly. Out of these artisans, only 85,691 artisans are covered under Agreed Programme since 1958.

In the present pattern of Assistance there is no broad and intensive classification and specification for providing financial assistance to tapper artisans, gurboiling women, etc.
The heads of assistance may be revised and classified according to the needs of individuals. A tapper may need assistance for taking palmyrah groves on lease for a particular period and he in need of funds for the purchase of new tools for tapping operation. Some tapper may need to repair their tools. Hence heads of assistance will facilitate to get proper assistance in proper time by more artisans in each societies under different heads.

LACK OF STORAGE FACILITIES:

Another important problem faced by the industry is in the field of storage of edible products particularly Palm Jaggery and Palm Candy and other items prepared using palm sugar which is hygroscopic. All work done in the past has not yielded fruits for economic storage system for palm jaggery and other edible products.

Though the palm jaggery industry in Salem District has got a very good administrative set-up, the producers lack infrastructural facilities like pucca godowns, capital assistance for construction of workshed, purchase of implements, equipments and machinery, working capital for production of palmgur, neera,
palm jaggery.

The Primary societies and District Federations are almost inactive in marketing for want of infrastructural and working fund facilities. Out of the 12,000 tons of palm jaggery produced, 6,000 tons are sold in the producing season itself. But the other 50 percent of the production has to be necessarily stored, until they are marketed.

Palm jaggery does not maintain its quality for long; it gets darkened in colour, absorbs moisture, becomes soft, develops fungus growth and melts. The prevalent methods of storing by smoking, wrapping in straw, using earthen pots, etc., suffers from various handicaps and the losses in storage therefore, affect the industry rather heavily. Due to the lack of storage facilities the producers are forced to sell the palm jaggery at low price during the season.

Certain processing work needs to be done in the field of storage as the existing method of storage has its own limitations, packaging all edible products in conformity with the legal requirements on food. Research and development activity with regard to storage is seriously contemplated and explore new
HIGH COST OF PRODUCTION:

A very acute problem of the recent times which is throwing almost the entire tapper artisans out of the industry is the high cost of fuel to convert neera into jaggery. The method used to convert neera into jaggery is traditional which is highly expensive. Most of the tappers are very poor and illiterate. They have no financial strength and knowledge to adopt new technique to reduce the cost of production. The technique of manufacture is outmoded and primitive. They use old methods and implements. The existing techniques in a number of cases have decended from the hoary past and still retain the form, shape and size which they had long ago. The Ford Foundation Team also came to the similar conclusion that more often than not age old methods are being used and seemingly have not been changed for generations. Thus production per capita is low resulting in low earnings and low wages.

Work on fuel economy or improved furnaces and boiling pans or other sources of cheaper energy needs to be explored in order to reduce the high cost of fuel. The National Palm Candy
Centre in Tiruchendur has introduced palm candy crystalisers for harvesting candy crystals. In order to effect full economy for boiling neera, improved furnaces with chimneys are introduced. The usage of thermometer is also introduced to find out the correct strike temperature while boiling neera for production of jaggery, candy etc.

GENERAL RECESSION:

The general recession and high cost of living had also adversely affected the working of primary palmgur societies. Unsold stocks were reported to be mounting in some of these societies. These societies had failed to clear the accumulated stock within a reasonable period for want of marketing facilities.

LACK OF MARKETING FACILITIES:

Most of the edible palm products are perishable. It needs quick marketing, moreover producers depend only on traditional markets and compete with the private merchants who are well versed in marketing methodology. Thirdly, co-operatives have to abide certain rules and regulations which are quite strange to the traditional methodology of marketing. For example the merchants are providing petty loans to tappers as and when they
demand during off season on the basis of their production capacity and procure their products at the dictated low prices. The private merchants sell them at lower rates to control the price fluctuation and avoid competition. Most of the problems still facing this industry relating to marketing are typical and identical to that of marketing of agricultural products.

The palmgur societies at grass root level and middle level are reluctant to purchase and market the entire production of their produce because of inadequate finance, lack of marketing infrastructure and inefficiency in marketing management. In most of the remote villages, where palm jaggery production is in abundance the producers rely upon the petty merchants for the fixation of price. They do not know the price prevailing at that time. It leads to exploitation and results in loss to producers. The other factors which directly or indirectly contribute to the difficult marketing position include absence of proper skills, employment oriented nature of production, lack of standardisation in quality, seasonal demand, crude salesmanship, absence of efficient and organised marketing channels.

There is an indirect marketing of jaggery through
the private traders who are having more financial facilities and other infrastructural facilities than the co-operatives. Though the tapper-artisans are the members of the society they are often selling their palm jaggery to the private traders indirectly. The reason is that the co-operatives are not able to satisfy the needs of the tappers. Their poor economic conditions force them to approach the private traders and wholesale merchants who satisfy their needs immediately. The private traders give advances without any conditions. To repay the loan the tappers are forced to sell their product to them at lower rate.

In Salem district, it is estimated that more than 80 percent of the palm jaggery marketing is in the hands of private traders at present. In recent times the co-operatives are not able to provide the required credit facilities to the tappers. During the period of drought the tapper artisans approach the private traders to avail loans and advance at high rate of interest. Because of the poor economic conditions of the tappers the private traders and wholesale merchants exploit them to a greater extent.

It is apparent that the marketing facilities for these industries need to be vastly improved and organised in respect
of both indigenous and foreign markets, assured and partially reserved sales and constant revision of sizes and qualities by regular and frequent market surveys. In fact, it is our opinion that it would be appropriate to set up a marketing (Development and Promotion) Corporation (MDPC) for cottage and village industries and entrust the marketing responsibility to that institution.

OFF-SEASONAL EMPLOYMENT:

The tapping of neera is seasonal. Hence, the tappers are idling their time during off-season or move to other places to secure employment. Some times the tappers settle in the new places which leads to the dormancy of societies. This worsens the economic conditions of the tappers greatly. To obviate this problem, the tappers may be provided with

1. Off-seasonal employment through palmgur societies
2. Financial assistance during off-season, enabling them to start small business or trade, to eke out their living.

LACK OF ACCIDENT BENEFIT TO TAPPER ARTISANS:

The tapping operation is laborious and hazardous. The tapper artisans lack accident benefit during tapping of neera.
are living in urban and semi urban areas and selling neera directly as beverages without using them for manufacturing palm jaggery. Hence their position is always better than the tappers in rural areas. But the tappers in rural areas are really affected by drought and decrease of income to the extent of Rs.1050 per annum for 50 trees.

INEFFICIENT FUNCTIONING OF SOCIETIES:

Most of the societies are not functioning actively. It is estimated that only 59 percent of the primary societies are actually functioning in Tamil Nadu. The Primary societies in the Southern Tamil Nadu are effectively functioning compared to other parts of the state. Even though 149 primary Palmgur Co-operatives are functioning in Salem district only a few societies are actually earning profit and most of the societies are incurring enormous loss even to meet their establishment charges. Some of the societies have no funds. The District Federation sends proposal to the State Federation for liquidation of 65 co-operatives in Salem district alone for the present.

The reasons for the liquidation of societies are:
Hence, the younger generation is not interested in getting employed in the tapping operation.

ACUTE COMPETITION:

There is an acute competition from the toddy trade faced by neera tappers for jaggery production and neera sales.

Toddy traders can pay more wages and higher tree rent, whereas the artisans producing jaggery cannot get such higher wages. Cost of jaggery boiling makes jaggery production uneconomical.

But the toddy production is economical than the jaggery production and more remunerative. Hence, the younger generation of rural population does not opt for tapping of neera as the trade is not remunerative compared to the hazards involved. Though neera is the primary product of the palm tree the industry is dead and facing problems because of tapping this sweet juice from the tree is now shifted to mostly converting it into toddy. Eventhough the enforcement of prohibition is now prevailing in Tamil Nadu the neera is converted into toddy and sold in the black markets.

Out of the 32000 tappers in Salem district 8500 tappers
a. Most of the societies are unable to collect the loan granted to the members.
b. The drought condition in the district makes the tappers unable to repay the loan.
c. Most of the tapper-artisans are not able to get out of the clutches of the private traders and wholesale merchants.
d. The Penal rate of interest i.e., 5% imposed on Palm Jaggery producers affects the financial position of the economically weaker artisans to a great extent.

RELAXATION OF PROHIBITION:

Relaxation of prohibition by Tamil Nadu Government in 1971 and in 1984, the tapper-artisans and most of the employees of the societies left and started producing palm jaggery independently. Moreover, these tappers were engaged in toddy manufacturing against the rules and regulations of the societies.

RELUCTANCE OF THE OFFICE BEARERS:

The office bearers of the co-operatives are engaged in production of palm jaggery separately and engaged in private trade much against the interest of the very society. The society President and other office bearers were not keen in the collection
of loans granted to the tapper artisans. Most of the palm jaggery producing societies did not keep regular employees.

The Federation is incurring loss every year because of inability to collect the loan granted to the tapper-artisans. The amount of bad debts is increasing year by year. Actually the Federation earns profit in the sale of palm jaggery but due to heavy bad debts the federation incurs loss. Moreover the federation acts as an intermediary between the khadi and village industries Board and the primary societies. But khadi and village industries Board does not bear any cost for collection of loans. Hence, the Federation has to bear the cost of payment and collection of loans.

The expenses incurred in connection with the execution of the development plans are also borne by the Federation. This is another reason for sustaining heavy loss every year.

In recent times the production of palm jaggery is reduced due to the reduction in the lending capacity of the Federation. The tappers are always attracted by providing more credit facilities. The production of palm jaggery is positively correlated with the higher lending capacity of private traders.
and merchants. The Federation has not taken effective steps to catch up and increase the local demand for palm jaggery production. It has not opened more sales depots in thickly populated areas and the salesmen are not motivated to sell the palm jaggery in depots, due to recovery of cash for shortages incurred during festival season.

The price of palm jaggery is not steady and constant. It is often fluctuating due to poor marketing strategy adopted by private traders and merchants.