

The Problems Associated with Coffee Growing Sector in Kodagu District

Kunjamma M R, Ms. Sunayana N
Department of Management and Commerce,
Amrita School of Arts and Sciences, Mysuru
Amrita Vishwa Vidyapeetham, India.

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Abstract:

In Karnataka Coorg is considered as a coffee hub where majority of agricultural activity is connected with Coffee. The geographic and climatic conditions of the region support the coffee plantations. On an average per annum Coorg contributes around 1,15,000 metric tons of coffee, largest in the state. Though blessed with maximum production, Coorg coffee production and selling lacks professionalism. The paper attempts to understand the various challenges faced by coffee growers in Coorg district. Along with natural reasons such as landslides and unpredictable rainfall, availability of labour, lack of financial assistance and also risk in marketing their produce, pose challenges to the coffee growers. The technique acquired to gather data is through structured questionnaire, private interview, both small and large growers are included in this study and interview with concerned board for secondary source of data. The tool used for the study is percentage analysis and correlation. The study found that producers are taking loan as they face financial problem and the amount borrowed in form of loans are used for the purpose of maintenance of estate and also to meet family expenses, and the paper also focuses that with the help of coffee board they can choose best way to market their crop and also to take initiation to start up small entrepreneurship and sell their produce directly to customers which would help them to live sustainable life and it also helps in developing economic growth of the district.

Keywords: Coffee growers, Coorg, Marketing challenges, producer.

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I. INTRODUCTION

Kodagu is one of a small district in Karnataka, where people mainly depend on coffee plantation. More than 80 percent of people in Kodagu are dependent on coffee cultivation as owners of the estate, employees, traders and allied industries. Out of cultivated land 50 percent of land is grown coffee. There are large and small planters in Kodagu district.

“There are only 2 categories of farmers-small farmers and large farmers, farmers who have less than 10 acres of land are categorized as small farmers and who have more than 10 acres are categorized as large farmers.”- As per coffee board

Most of the coffee producers are small farmers and 98% of small holders mainly depend on coffee crop. The Kodagu coffee has got magnificent and incomparable taste because of which product is in high demand. Apart from this growing coffee is really difficult to the growers where they face many obstacles like heavy rainfall, natural calamities, wild animals, diseases, insufficient availability of labour force, higher wages, cost of inputs, out-turn for their crop, out-turn for a crop is generally a standard fixed to find out the amount of coffee beans to be extracted from the total produce, generally the coffee board and agents use this measurement for fixing rate for coffee beans many of the producers doubt genuineness of test band sense exploitation(Deccan Herald,2015).

And in Coorg most of the coffee growers sell their crop from place where they grow only, it is estimated that most of planters sell their seed to local agents, as coffee is export oriented; only company estates / middle men make the highest profit, producers may not receive the benefit in turn.

The study focuses on the conditions and problems associated with the coffee producers and the methods that they should adopt to overcome these problems. The planters experience various challenges to sell their crop. Hence, this paper ascertains the hindrances in getting profit even when coffee is exported.

II. OBJECTIVES OF THE STUDY

1. To study and understand the issues and marketing risks faced by the growers.
2. To educate the growers to adopt the best way to market their produce.
3. To suggest possible measures to overcome the problems faced by the coffee growers.

III. METHODOLOGY

To attain the objective of the study both primary and secondary facts sources are used. Primary data was collected from structured questionnaire administered to randomly select large and small coffee growers of south Coorg. The researcher also post questions orally while collecting the data to ensure the correctness of data. Around 40 coffee growers responded the survey. To understand the problems associated with coffee growers additional information was collected in the interview method through coffee board, secondary data sources such as reports of coffee board, other circulars and published articles of the coffee board also contributed for arriving at the conclusion.

IV. LITERATURE REVIEW

The paper[1] by H.S. Sunanda, Dr. N. Nagarajastudies about the production of coffee in Karnataka as share of people in dependent on agriculture has fallen in the census of 2011, the results of the paper is that the state Karnataka in coffee production shows up-ward curve, and robusta coffee taken front seat when compared to Arabica ,

by all this evidences it is clearly said that coffee industry is rapidly developing both in terms of production and productivity . The scope of the paper is confined to 3 districts of Karnataka Coorg, Chikmagalur and Hassan both primary and secondary source of data was collected for the study.

The paper[2] by P.B Tejaswi , B.K Naik , L.B Kunnal, H Basavaraj identified the main problems in the production of coffee as fall in price for crop, absence of labour, weather condition and pulper problem. Decline in price was the major problem and the problem related to marketing was planter sell their product to concerned dealers were do not settle cash properly and there is high fluctuation in price. The study was restricted to chikmagaluru district and the scope of study was primary source were sample survey was conducted to know the problem faced by the producer in production and marketing.

The paper[3] by KavyaDechamma K M and Karuna Devi Mishra aims at problems faced by the coffee producers and the youths migration in this career choices. It was found through primary source of data and secondary source of data. That if youngsters choose coffee plantation as career choice it would help in developing plantation as well as economic development. As youth think that plantation won't give more income in order to live sustainable life they switch to other career choice. Parents are worried that their children are going for career and not for plantation , increase in resort and home stay made this mindset of youth change. These problems need to be addressed by youngsters only and parents should encourage their children for green plantation and coffee industry can boost by the full support of younger generation.

The paper[4] by C Upendranandh and C A Subbaiah focuses at understanding the trade and marketing problems of small and large holders. Here the researcher adopted secondary source of data for the study. The paper studies the challenges faced by the small holders and it provides marketing exercise in field level and also understand future goal of small growers in respect to selling their crop it also helps

in brand building for domestic crop and export of product.

The paper[5] by H S Sunanda and Dr. N Nagaraja made an attempt to understand the problems of coffee growers in Karnataka state in associated to price, climatic condition and marketing challenges. The data was collected through primary source and also secondary source of data was used for analyzing purpose. The paper states that the main problem faced by the producer is no fixed price for their crop and cost of fertilizers goes up from year to year, were most of the growers are mainly depend on plantation of coffee as there are no incentives planters are not able to live sustainable livelihood . If government provides incentives like fertilizers subsidies, export support, rainfall insurance etc. This would encourage small holders to avail such incentives and this would help in contributing more not only in development of growers but also contributes for the economic development.

The paper[6] by C Upendrandh. focuses on “condition and uniqueness dangerous problems in the sector in relation of manufacturing conditions, promotion and trade.” The writer collected data through both primary and secondary source for the study of problem. The writer points out that “upright addition of small creators develops significant incur key producer, command to improve value for key produce, so that they continue in production. Education quality and productivity becomes essential and cost attractiveness needs to be attained not by dropping wage cost but by improving quality and limited mechanization”. Majorly points in different action of small planters in order to get value for primary producers and avoid restriction.

The paper[7] by Akkamma K K and Karuna Devi Mishra. studies at the marketing challenges faced by the coffee producer. The study was confined to Kodagu district and primary source of data was collected from planters of Kodagu. The paper results that there are many techniques are used for marketing their produce, and coffee board has to provide details about markets and government of

India should support growers by providing rainfall insurance and also to help in export of their crop. As there the price of coffee keep fluctuating year by year the government should help in pricing scheme and it also states that coffee boarding is helping growers through financially.

The paper[8] by A N Cheathana , N Nagaraj, P G chengappa and C P Gracy results at there is no difference with respect to size of family, availability of labour for large growers is more when compared to medium and small planter. The number of family members working in farm is less in large planters when compare to medium and small planters only depend coffee has main occupation and about 7.15 percent of people only depend on coffee occupation to in large estate .

The paper [9]by Mrs. Shailashree K and Dr. Yathish Kumar aims to understand the socio-economic condition in long and short term and seasonal migrant workers in coffee plantation. The data was collected through primary and secondary source of data where the study include both male and female worker in the particular area. The study also states “social inclusion of migrant coffee workers and it also states that migrant workers are lacking lot of opportunities to process local right, most of the workers who migrate are from different places and from poor family background and are also illiterate”. The study also finds that most of the workers who migrate from various places are interested to send their children to local government school and also to get benefit from PDS and they are also aware about scheme that which are announced by the government.

V. ANALYSIS AND INTERPRETATION

The present study analyses the problems associated with coffee growers of Kodagu with the help of data collected through questionnaire method.

Family size and total acre of coffee growing land acts as important factor for determination of their income and expenditure.

Out of 40 samples majority of the respondents i.e. 55% are having medium size family (3-6persons) and 37.5 % are small size (1-3 persons) and 7.5% belong to large family. The number of people depending on the agricultural income are more and the income has to be assured and also as far as possible regular so that they can lead a comfortable life

The annual income of respondents are in the group of below 1 lakh is 2.5% and income from 1 -4 lakhs is 40% and income between 4 -10lakhs are 35% and income above 10 lakhs are 22.5%. The annual income figures also include the income earned by family members by pursuing other employments. On the whole around 75% of people are having income below 10 lakhs

The expenses made by growers are reveals that majority of that about 50% are having 1 to 3 lakhs of annual expenditure and 45%of growers are having 3-7 lakhs of outflow and 5%of producers are having above 7 lakhs outflow of cash. These expenses are routine expenses and do not constitute any provision for risks arising out of Natural calamities. Excessive rains, floods and landslides which are almost common every year in Coorg, when arises they will not be able arrange for the finance required. They have to depend on loans by societies and indigenous bankers for coming back to normalcy.

Both small and large growers are included in this study and the growers owning coffee growing land less than 3 acre are of 2.5 % and the growers having 3 to7 acre of land are 27.5% and 7 to 10 acres are of 17.5% and above 10 acres of land are 30%. Based on the land holding growers are classified as large and small growers. For the sake of present study researchers have considered 70%of small growers, out of which 90% of respondents are having loans. The amount borrowed as loan lies between 1-2 lakhs are 17.5% and amount 2-3 lakhs are 55%and above 3 lakhs loan amount are 17.5 % .

Most of the respondents borrowed from cooperative society's i.e. 80% are borrowing from society and

only 10% of respondents borrowed loan from nationalized bank. The nationalized banks and Regional rural banks have not made efforts to reach to these agriculturists by customized lending patterns. Whereas cooperative societies are putting their best efforts by allowing interest free loans for a period of year for the members of the society. After a year interests start rolling.

The producers basically borrow crop loans to an extent of 70 %. And remaining borrow for the purpose of housing, household expenses, vehicle etc. 7.5% especially women borrow from Self help groups for household purposes. The crop loan is borrowed for the sake of maintenance of estate, fertilisers, labour charges etc... During interview it was known that they generally do not borrow for marketing purposes and packaging purposes. This implies lack of efforts on part of the producers for marketing their products directly.

All the respondents sell their products through agents. They understand the problem associated with agents and are also feeling exploited as they are getting proper price for their produce. The agents follow their own method of assessing the quality of the coffee beans known as "Out-turn" and fix the price. The producers doubt about the genuineness and authenticity of such tests. Along with these settlement of amount is late and profits are enjoyed by agents and producers are not availing any benefits on their crop.

During interview it was also found that they are apprehensive of starting their own marketing centres. Reasons quoted are insufficient quantity of coffee beans as most of them are medium size holders and also establishment costs will be high.

Therefore the producers opine that there can be a union of land holders to be formed for the purpose of buying and marketing the products. Then marketing efforts can also be made and profits can be enjoyed by the growers. Around 65% of growers this will be apt method of selling the crop.

Table 1.2 justifies the same. Before 1991, Growers use to sell their coffee beans to coffee board where they were shareholders. They were just getting the dividends and were not able to get the benefits of price rise in the market. The amount was fixed and they were getting dividends. This system was eradicated after 1991. Still around 12.5 % feel this system was good

The table 1.1 shows source of income earned by producer.

source of money received

| | | Freque ncy | Perce nt | Valid Perce nt | Cumula tive Percent |
|-------|---------------------------------|---------------|-------------|----------------------|---------------------------|
| Valid | estate income | 2 | 5.0 | 5.0 | 5.0 |
| | funds from relatives | 1 | 2.5 | 2.5 | 7.5 |
| | loans from banks | 1 | 2.5 | 2.5 | 10.0 |
| | family members are working | 3 | 7.5 | 7.5 | 17.5 |
| | estate and loan | 15 | 37.5 | 37.5 | 55.0 |
| | estate , loan and other sources | 18 | 45.0 | 45.0 | 100.0 |
| | Total | 40 | 100.0 | 100.0 | |

Table 1.2 Market preferred by growers

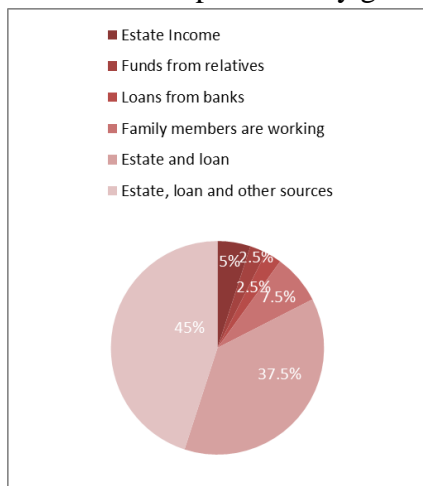
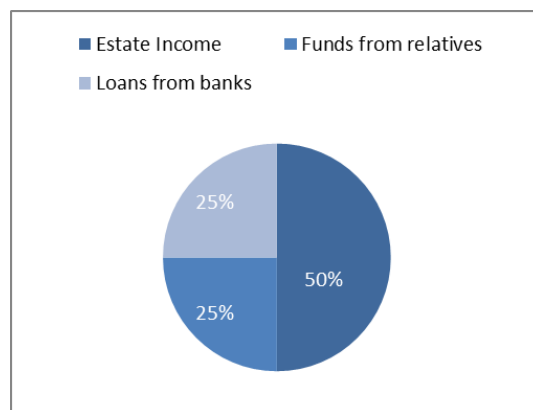


Figure 1.1: source of income

| | | Freque ncy | Perce nt | Valid Percent |
|-------|---------------------------|---------------|-------------|------------------|
| Valid | Selling to coffee board | 5 | 12.5 | 12.5 |
| | free market | 9 | 22.5 | 22.5 |
| | farming union and selling | 26 | 65.0 | 65.0 |
| | Total | 40 | 100.0 | 100.0 |



Figure; 1.2 market preferred by producers

Table 1.3 shows the correlation between annual income and annual expenditure.

Accordingly there is a significant relationship between the annual income and expenditure of coffee growers.

Correlations

| | | annual income | annual expenditure |
|--------------------|---------------------|------------------|-----------------------|
| annual income | Pearson Correlation | 1 | .720** |
| | Sig. (1-tailed) | | .000 |
| | N | 40 | 40 |
| annual expenditure | Pearson Correlation | .720** | 1 |
| | Sig. (1-tailed) | .000 | |
| | N | 40 | 40 |

** . Correlation is significant at the 0.01 level (1-tailed).

VI. CONCLUSION

The study is able to recognise the various challenges associated with coffee plantations in Coorg area. The historically significant Coorg coffee has a good market and preferred by people all over the world. Most of the coffee is exported to various countries in

the world. Even though it is popular, the growers are not able to enjoy the benefit. Still they have to depend various employments to lead their livelihood. The income purely from agricultural income should be increased so that the lifestyle of the people can be enhanced. This motivates more and more youngsters to pursue the agriculture.

The coffee growers are also facing problems for natural reasons such as floods, landslides and attack of wild animals which creates lot of losses to the agricultural land and sometimes to life.

The coffee growers are to be made aware of schemes launched for this purpose. The Revenue Insurance Scheme for Plantation Crops (RISPC) is a scheme declared by Department of Commerce with an intention of protecting the interests of growers of tea, coffee, rubber, cardamom and tobacco. The scheme concentrates on both sorts of risks i.e. weather and risk arising from yield loss due to natural calamity and also by fall in international/domestic prices. The cooperative societies or Coffee boards in the region should take initiatives to create awareness amongst the growers. The coffee board can also initiate the process of providing the knowledge of the market and possible fluctuations in the price.

The producers can also form unions in order to directly market the produce. The technological advancements can also be used to process, pack and market coffee beans. The youngsters can involve in this as an entrepreneurial opportunity.

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