

FARMER-AGRIBUSINESS LINKAGE IN KERALA, INDIA: A CASE STUDY OF ELEMENTS HOMESTEAD PRODUCTS PVT. LTD

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ABSTRACT

Organic food production is an emerging concept in Kerala. The export industry of organic food products are still in its infant stage, as far as Kerala is concerned. There are only a handful of firms, engaged in the export of organic food products from Kerala. It is crucial to look into the quality and productivity, since generally; the productivity is less in case of organic farming, compared to the conventional mode of farming. The quality at the farm level is ensured through the internal control system, extended by FTAK and all the farmers complied with all the quality criterion of organic production. Elements Homestead Products Pvt Ltd is a business initiative from Kerala that seeks to bridge the physical as well as emotional distance between the sensitive farmer / producer and the conscious consumer.

KEYWORDS: Farmer, Agribusiness, Linkage, Fair Trade

INTRODUCTION

Organic farming and products are considered as a sunrise concept for India. There is an overall demand for organic food products internationally and this sector has a huge growth potential for our country. Emerging from 42,000 ha under certified organic farming during 2003-04, the organic agriculture has grown almost 29 fold during the last 5 years. By March 2010 India has brought more than 4.48 million ha area under organic certification process. Out of this cultivated area accounts for 1.08 million ha while remaining 3.4 million ha is wild forest harvest collection area (APEDA, 2012). Since the organic food products command a high premium in the international market there is a huge prospect for the export marketing of organic products. . Quality management in production and processing is an important step for organic market development. Success in the Indian organic market will be a dream without successful implementation of high quality standards. The quality management manuals are useless, unless they are prepared based on the work done in the field. The principles and standards of organic agriculture has to be known and should be followed by all stakeholders, such as, farmers, processors, traders, exporters government etc. and the last but not the least to the consumers.

Objective of the Study

To examine the working of Elements Homestead Products Private Limited along with Organic Farmers in Wayanad District

Methodology of the Study

The information about Elements Homestead Products Pvt. Ltd and Fair Trade Alliance Kerala (FTAK) were directly collected from their officials and other secondary sources like Journals, Websites etc.

Statement of the Problem

Farmers in Kerala face many challenges including food security, the misappropriation of rural land, the effects of pests and disease on their livelihoods, destruction of crops by wildlife, and the unwillingness of the younger generation to continue with agriculture. But the major challenges are the falling prices of commodities and the growing indebtedness of farmers which has led to a spate of farmer suicide. Fair Trade Alliance Kerala (FTAK) was created to enable farmers to access the global market and improve their income through Fair trade. Elements acquire their raw materials from FTAK. Farmer suicide has become very common in India, in these circumstances the linkage of farmers through FTAK has become an innovative remedy in North Kerala, hence it became relevant to discuss about Elements Homestead Products Pvt. Ltd and Fair Trade Alliance Kerala (FTAK).

Profile of Elements Homestead Products Pvt. Ltd

Elements Homestead Products Pvt Ltd is a business initiative from Kerala, that seeks to bridge the physical as well as emotional distance between the sensitive farmer / producer and the conscious consumer. Elements, established in 25th October 1999, as a private limited company registered under Indian Companies Act 1956 has pioneered the effort to boost the production and marketing of organic produce and other eco-sensitive products in Kerala. The company has launched Kerala's first green store in Calicut that brought under one roof certified organic food, homestead organic produce, traditional food preserves sans chemical preservatives and a host of environment friendly products ranging from bamboo, terracotta to organic cotton and green office stationery. These products are exported to Europe, US, Japan, Australia and Hong Kong for the past eight years and its turnover from the overseas operations had totaled ₹35 crores last year.

Aims of the Company

- Taking the lead to mainstream marketing of organic products in the state by pioneering the launch of green counters in the major supermarkets of Kerala.
- Providing logistical support and product backing to all the niche efforts at marketing organic produce in the state.
- Ushering in product spread and volume trade in the organic food segment by initiating efforts at mass marketing of organic produce by introducing the major organic growers and producers from across the country to the Kerala market.
- Playing a catalyst role in the spread of organic farming in Kerala and initiated action that created a common platform for organic farmers of the state.

Quality control

Maintenance of quality is a crucial factor as far exportable commodities are concerned. The quality control department of Elements Homestead Products Private Ltd undertakes the testing and release or rejection of all incoming raw materials, packing materials, in-process or intermediates and finished products as per specified specifications. They are also entrusted with the duty of maintaining testing records as per standard procedures for raw materials, packing materials, in-process or intermediates and finished products.

The company offers a wide array of organic as well as conventional products in the domestic as well as foreign markets which includes:

- grains/ flours/ lentils/ pulses
- tea / coffee/ spices / cashew / raisins
- whole sugar/ food preserves
- wild honey & rock honey
- nature friendly cosmetics and toiletries
- organic cotton
- toys in natural dyes
- handmade pottery
- bamboo / jute
- vegetables /seasonal fruits

Export of Organic products by Elements Homestead Products Private Ltd

- Export is the counterpart of Elements Homestead Products Private Ltd wherein they receive their major source of income through the export
- Cashew- exported to U.K, USA, Switzerland, France, Italy, New Zealand, Germany
- Coffee-exported to Italy, U.K, Canada
- Spices, including pepper, vanilla, ginger, turmeric, cardamom, cinnamon, clove, nutmeg, nut mace, etc. – exported to France, Switzerland, Italy, U.K
- Coconut products including coconut oil, virgin coconut oil and desiccated coconut powder- exported to Italy, Switzerland, U.K, France, Germany, and New Zealand.

The Details of the Products Exported to Various Countries in 2015 are Enlisted Below

Table .1 Export Details of the Products in the Year 2015-16

Sl No	Product	Quantity(MT)	Export earnings(₹ crores)
1	Coffee	180	2.62
2	Cashew	320	22.59
3	Spices	20	1.07
4	Coconut products	40	1.57

Source: Company sources

The table shows that cashew is the major commodity in the export basket of the company. About ₹22.58 crore is the export turnover of the company from cashew. The company could export around 320 MT of cashew, in the year 2015-16. The major cashew export destinations of the company are USA, UK, France, Switzerland, Italy, New Zealand and

Germany. Meanwhile the company exported 108 MT of Robusta coffee beans worth ₹2.62 crore to countries like Italy, UK and Canada. 20 MT of Black Pepper valued ₹1.07 crore is exported to countries like France, Switzerland, Italy and UK by the company.

In the national market, Element has a central store located in Calicut/ Kerala. The central store arrays the full range of elements products. It also serves as an incubator of new products of small/ cottage producers. It is a full-fledged organic store stocking everything, from jaggery and pumpkins to books and toiletries.

Green Counters

In the national market, an element has a central store located in Calicut/ Kerala. The central store arrays the full range of elements products. It also serves as an incubator of new products of small/ cottage producers. It is a full-fledged organic store stocking everything from jaggery and pumpkins to books and toiletries. Elements Co maintained green counters in the major super markets in Kerala. A select range of products is being offered through the green counters.

The company offers a wide array of organic as well as conventional products in the domestic as well as foreign markets.

BUSINESS PARTNERS

Fair Trade Alliance Kerala

The Fair Trade Alliance Kerala (FTAK) is a farmer led movement which came into being in 2005. They offer the fair trade market high valued products including a range of spices, cashew, coffee, tea, honey and other products. Elements acquire their raw materials from FTAK. FTAK was created to enable farmers to access the global market and improve their income through Fair trade. Farmers in Kerala face many challenges including food security, the appropriation of rural land, the effects of pests and disease on their livelihoods, destruction of crops by wildlife, and the unwillingness of the younger generation to continue with agriculture. But the major challenges are the falling prices of commodities and the growing indebtedness of farmers which has led to a spate of farmer suicide.

Area of operation

Farmers on the hilly tracks of Western Ghats in Kasargod, Kannur, Wayanad and Kozhikode districts of Kerala. The central office of FTAK stands in the owned land in the village of Thadikadavu and also, it has district offices in Kelakam, Varakkad and Pulpally.

Production and Sales

Farmers deliver their products to local depots where they are purchased by FTAK's partner organisation Elements Homestead Products. They are then transported to processing units and processed into green coffee, coconut oil and nut oil etc. and packed ready for export.

Marketing

Besides being the founder organisation of FTAK, the Elements Homestead Products Pvt. Ltd., while retailing organic food in the domestic market, also serves as the marketing arm of Fair Trade Alliance Kerala. The FTAK is an association of 4500 certified organic farmers in the state. The company procures its export products such as Coffee,

Cashew and Pepper from the farmers of FTAK. The channels of distribution of organic products are as follows:



Figure 1: Distribution Channels of Organic Products

Pakka AG

Pakka AG, as the main trading partner for FTAK and elements in Europe, is specialized on trading of Fair Trade and Organic nuts.

Other Partners

- INFACT (Information for Action)
- MDC (Malabar Development Center)
- MOAS (Malabar Organic Agricultural Society)
- OFAI (Organic Farming Association of India)

CONCLUSIONS

Elements Homestead Products Pvt. Ltd. has pioneered the effort, to mainstream the production and marketing of organic produce and other eco-sensitive products in Kerala, by establishing Kerala's first green store in Calicut, that is brought under one roof certified organic food, homestead organic produce, traditional food preserves sans chemical preservatives and a host of environment friendly products ranging from bamboo and terracotta to organic cotton and green office stationery. The company sources its export products from Fair Trade Alliance Kerala which is an association of organic farmers in the state. Through years the association has come up well and was successful in addressing the farmer's problem in the northern districts of Kerala. The company sources its products from Fair Trade Alliance Kerala (FTAK) which is a farmer led movement in northern Kerala, which became a support for more than 4500 farmers in Northern Kerala to overcome their financial difficulties.

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