

Full Length Research Paper

Role of HOPCOMS in socio-economic change of farmer members in Mysore City

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Horticulture plays an important role in the economic development of country and if contribute to 29.5% of over agricultural GDP from 8.5% of area and 10% of total agricultural exports. Fruits and vegetables are important components of the diet as they contribute the much needed vitamins, minerals, fibers and other micro nutrients to the consuming Indian population. It provides food for our people and raw materials for many of our industries. Important of horticulture is sour of food for our people, supplies raw material to our industries, supports Indian's industries main source of our exports, as a source of employment, share of horticulture in national income above all providing nutritional security to the people. The establishment of HOPCOMS has an interesting background. First, the Bangalore Grape Growers' Marketing and Processing Co-operative Society was established in 1959, under the guidance of Dr. M.H. Mari Gowda, the then Director of the Department of Horticulture. The main objective of the society was to encourage grapevine cultivation by providing necessary inputs, technical know-how and marketing facilities to grape farmers. It had jurisdiction over Bangalore, Kolar, Mysore, Tumkur, Mandya and Mangalore districts. Since grape was a seasonal fruit, the society started handling all fruits and vegetables from 1965. Due to this change in operations, the name of the society was changed into Horticultural Producers Co-operative Marketing and Processing Society Ltd. An attempt is made in this paper to analyze the Role of HOPCOMS in socio-economic change of Farmer members in Mysore City.

Key words: HOPCOMS, socio-economic change, Mysore city.

INTRODUCTION

Horticulture producers co-operative marketing and processing society limited (HOPCOMS)

The Horticultural Producers' Co-operative Marketing and Processing Society Ltd. or HOPCOMS was established with the principal objective of establishing a proper system for the marketing of fruits and vegetables, one that benefits both the farming community and the consumers. Prior to the establishment of HOPCOMS, no proper system existed in Karnataka for the marketing of horticultural produce. Farmers were in the clutches of the middlemen and the system benefited neither the farmers nor the consumers.

Marketing of highly perishable commodities like fruit and vegetable has always been fraught with problems. Farmers often have little bargaining power, middlemen collect commissions from producers, there are frequent

delays in payments and produce sold on the basis of volume, with prices being determined to the advantage of retailers and not the farmers.

In order to tackle these issues the Horticulture Producers Co-operative Marketing and Processing Society Limited (HOPCOMS) was founded in 1959 (under a name of Grape Growers Marketing and Processing Co-operative Society, under the guidance of Dr. M.H. Marigowda, the then Director of the department of Horticulture) as a co-operative under the Indian Co-operative Society Act. The members comprise farmers, state financial organizations and the Karnataka State Government. It is managed by officials appointed by the state, drawn from the Department of Horticulture and the department of Co-operation. As of 2007 there are 17 HOPCOMS in the state, each working independently with in demarcated districts of operation.

Table 1. Sample size.

| S/No. | Name of the respondents | No. of respondent |
|-------|-------------------------|-------------------|
| 1 | Producers / Farmers | 35 |
| | Total | 35 |

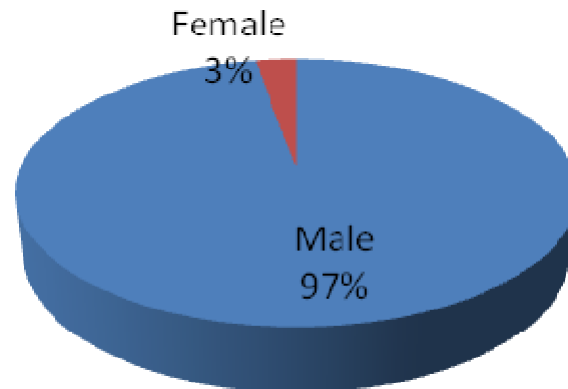


Figure 1. Sex among the HOPCOMS members in Mysore City.

Table 2. Sex among the respondents in Mysore city.

| Sex | No. of respondent | % |
|--------|-------------------|-----|
| Male | 34 | 97 |
| Female | 1 | 3 |
| Total | 35 | 100 |

Source: Primary survey – 2010.

next to milk booths to enable. Consumers to pick up their daily necessities in one go. HOPCOMS retail outlets located at railway stations, bus stands and other prominent locations are another feature of its marketing strategy. The retail outlets operate between 10.30 a.m and 8 p.m with a break in the afternoon and are staffed by 2 people, one of whom is a permanent employee of HOPCOMS and the other an assistant on a temporary payroll.

The retail price is a fixed mark-up on the procurement price, and is the same across the outlets. HOPCOMS is therefore the only intermediary between farmers and consumers. Theoretically, because the farmer is also a member of HOPCOMS, rather than being a pure intermediary HOPCOMS is more of a front-end aggregator and distributor for the farmer. Accordingly to the society, it pays 80% of the price paid by consumers to the farmers. Apart from retailing, HOPCOMS also has juicing plants that bottle fresh fruit juice for sale. Essentially then, HOPCOMS attempts to combine the efficiency of vertical co-ordination with the empowerment of horizontal co-ordination (Devaraja, 2000).

The Objectives of this study is to analyze the role of HOPCOMS in socio-economic change of farmer.

METHODOLOGY

This study is based on primary data. The primary data has been collected from the HOPCOMS members/ producers in Mysore city, by administering the questionnaire. The SPSS package – frequency analysis and simple tabular analysis is used to analyze the data collected (Table 1).

RESULTS AND DISCUSSIONS

Table 2 and Figure 1 reveal the sex among the HOPCOMS members in Mysore city. 97% of them are Male and remaining 3% are Female farmers, usually the members of the HOPCOMS are male and they bring their produce to HOPCOMS procurement center in Mysore City. The female members are few in HOPCOMS. The male farmers play a vital role in HOPCOMS in Mysore City.

Table 3 and Figure 2 reveal the age wise distribution of farmers among them 6% are in the age below 20, the 14% are in the age between 20 to 29 years, 9% are in the age between 30 to 39 years, the 37% are in the age between 40 to 49 years, 17% are in the age of above 60 years. The majority of the farmer members are in the age group of 40 to 49 years, followed by 40 to 59 years. This age group of farmer would have knowledge of cultivation of fruits and vegetables and they could understand the consumers need and they could provide good quality products to needy people.

Table 4 and Figure 3 reveal the education status of HOPCOMS farmer members. The 34% of them are

Table 3. Age wise distribution of HOPCOMS member farmer.

| Age | No. of respondent | % |
|----------|-------------------|-----|
| Below 20 | 2 | 6 |
| 20 to 29 | 5 | 14 |
| 30 to 39 | 3 | 9 |
| 40 to 49 | 13 | 37 |
| 50 to 59 | 6 | 17 |
| Above 60 | 6 | 17 |
| Total | 35 | 100 |

Source: Primary survey – 2010.

Table 4. Education of HOPCOMS farmers' member.

| Education | No. of respondent | % |
|----------------|-------------------|-----|
| Post graduate | 1 | 3 |
| Under graduate | 1 | 3 |
| Diploma | 3 | 8 |
| Intermediate | 10 | 29 |
| Secondary | 12 | 34 |
| Primary | 8 | 23 |
| Total | 35 | 100 |

Source: Primary survey – 2010.

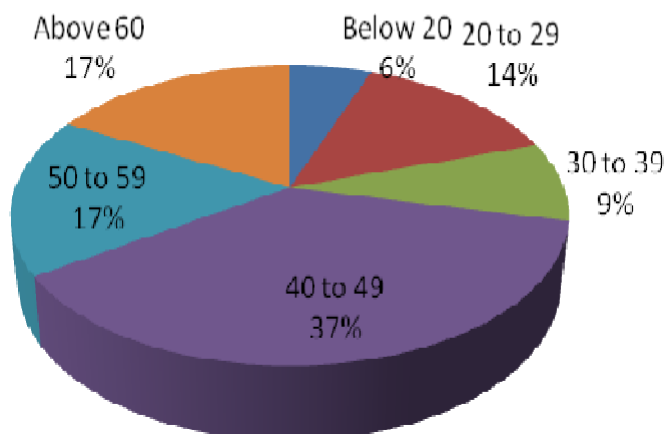


Figure 2. Age wise distribution of HOPCOMS member farmers.

having secondary education followed by intermediate education with 29% and 23% of the members are having primary education. It is clear that majority of the farmers are having at least primary education.

Table 5 and Figure 4 reveal the annual income of farmers. Among them 26% are having up to Rs.10000, 34% has Rs.10001 to Rs.20000, 26% of them Rs.20001 to Rs.50000, 8% are of Rs.50001 to Rs.100000 and 6% are above Rs.100000. The annual income of the farmers

usually less, when compared to other people the farmers depends on agriculture some time the price of agricultural commodity varies and it declines and farmers would not get even his cost of cultivation. The majority of the farmers are under Rs.100001 to Rs. 20,000 followed by up to Rs. Rs.10,000 in the study area.

Table 6 and Figure 5 reveal the Bank account holders among the farmers. Among them 57% are using the Bank Account and remaining 43% are not having Bank Account. There is a need to create awareness among the farmers regarding importance of having bank account. The farmers could easily avail the crop loan. Unless they could not avail the crop loan from bank. The majority of them has bank account still, it is required to create awareness, among the farmers.

Table 7 and Figure 6 reveal the mode of transport used by the farmers. Among them 20% used their own vehicle as mode of transport, 43% used rented vehicle as mode of transport and remaining 37% used bus as mode of transport. The mode of transport is important as agricultural commodities are concerned and also it is important to prevent loss. The efficient transport could be used to avoid the transportation loss, based on characteristic of the commodities in the study area majority of them use rented vehicle followed by bus and own vehicle.

Table 8 and Figure 7 reveal that farmers has gained from HOPCOMS. Among them 3% are opined that

neither agreed nor disagreed, 17% agreed and remaining

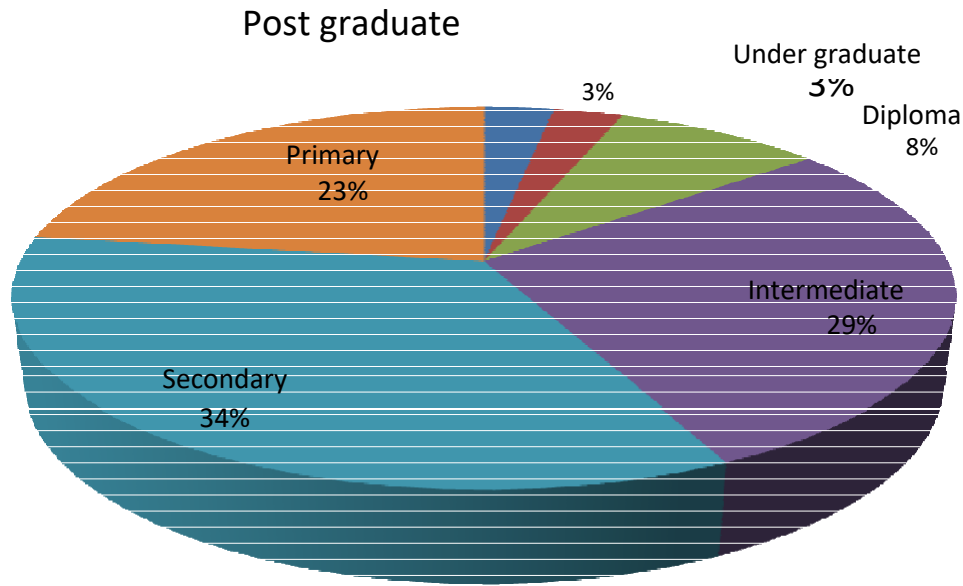


Figure 3. Education of HOPCOMS farmers members.

Table 5. Annual income of farmers.

| Income (in Rs.) | No. of respondent | % |
|-----------------|-------------------|-----|
| up to 10000 | 9 | 26 |
| 10001 to 20000 | 12 | 34 |
| 20001 to 500000 | 9 | 26 |
| 50001 to 100000 | 3 | 8 |
| Above 100000 | 2 | 6 |
| Total | 35 | 100 |

Source: Primary survey – 2010.

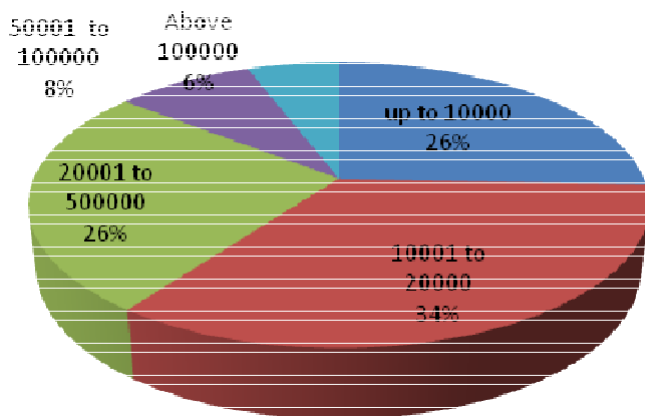


Figure 4. Annual income of farmers.

80% were strongly agreed. The 80% of the farmers has gained from HOPCOMS compared to other market who ever may be the producer always try to get profit by growing fruits and vegetables.

Table 9 and Figure 8 reveal the fair price provided by HOPCOMS. Among them the 29% agreed and remaining 71% also strongly agreed. From the study it was cleared that HOPCOMS has been providing fair price to farmer members. When compared with other marketing channel, other than co-operative, the lengthy of middle mens, were involved in marketing of fruits and vegetables. The HOPCOMS provides the direct marketing to farmers and maximises the profit.

The 94% of farmers strongly agreed to sell more fruits and vegetables at HOPCOMS and remaining 6% of them agreed to sell their produce at HOPCOMS, the majority of them sell their produces to HOPCOMS because HOPCOMS provides good service to producers (Table 10 and Figure 9).

Table 11 and Figure 10 reveal the remunerative price paid in the HOPCOMS. The 74% of the respondents farmers strongly agreed to this statement and remaining

29% also agreed with the same statement, normally farmers are cheated by middle mens, but in HOPCOMS

Table 6. Bank account holders among farmers.

| Bank account | No. of respondent | % |
|--------------|-------------------|-----|
| Yes | 20 | 57 |
| No | 15 | 43 |
| Total | 35 | 100 |

Source : Primary survey – 2010.

Table 7. Mode of transport used by the farmers.

| Mode of transport | No. of respondent | % |
|-------------------|-------------------|-----|
| Own vehicle | 7 | 20 |
| Rented vehicle | 15 | 43 |
| Bus | 13 | 37 |
| Total | 35 | 100 |

Source: Primary survey – 2010.

Table 8. Gain from HOPCOMS by farmers.

| Statement | No. of respondents | % |
|-------------------------|--------------------|-----|
| Neither agree/ disagree | 1 | 3 |
| Agree | 6 | 17 |
| Strongly agree | 28 | 80 |
| Total | 35 | 100 |

Source : Primary survey – 2010.

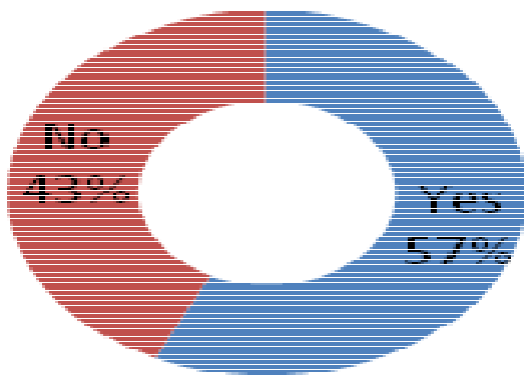


Figure 5. Bank account holders among farmers.

disagree. The remaining 3% of them strongly disagreed, to establishment of Hi-tech HOPCOMS in Mysore City. The most of the organized retail outlets are coming up

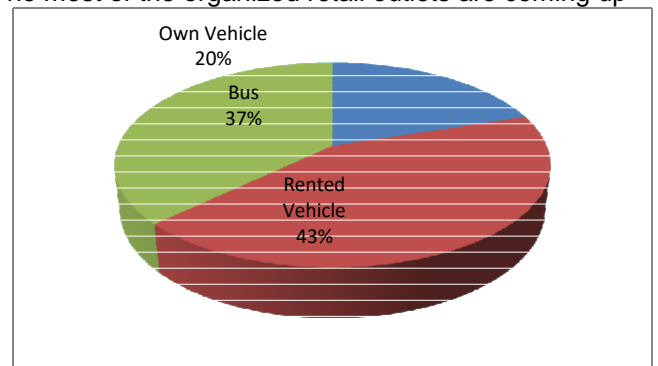


Figure 6. Mode of transport used by the farmers.

because of direct sale the farmers would get fair price.

Table 12 and Figure 11 reveal the opinion of HOPCOMS farmer members towards starting of new High-tech HOPCOMS the 57% of them strongly agreed and followed by 26% agreed to start new modernized HOPCOMS outlets, where as 11% them neither agree or

with a new strategy with modernized outlets. This is because increase the business turnover.

Table 13 and Figure 12 reveal the impact of organized retailers on HOPCOMS. Among them 46% strongly disagreed, 14% disagree, 31% neither agreed nor disagree. The 6% of respondents agreed and 3% of the

respondents strongly agreed and opined that there is an impact of organized retail outlets on HOPCOMS retail outlet in Mysore City. The impact would be gradually

Table 9. Fair price provided by HOPCOMS in Mysore City.

| Fair price | No. of respondent | % |
|----------------|-------------------|-----|
| Agree | 10 | 29 |
| Strongly Agree | 25 | 71 |
| Total | 35 | 100 |

Source: Primary survey – 2010.

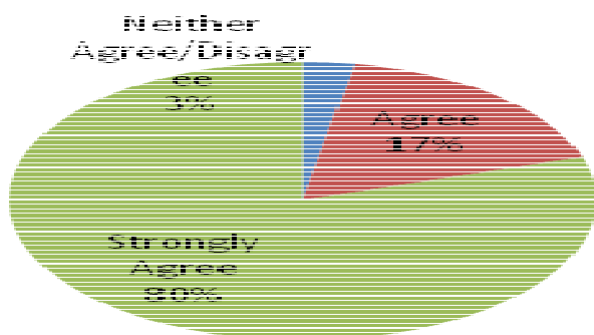


Figure 7. Gain from HOPCOMS by farmers.

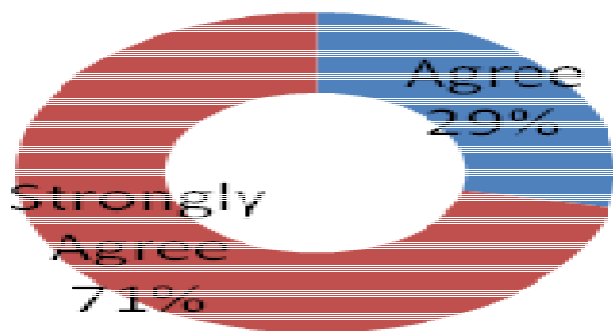


Figure 8. Fair price provided by HOPCOMS in Mysore City.

affect on HOPCOMS unless the modernization of outlets and provide

Table 14 and Figure 13 reveal the rating of HOPCOMS by farmers. Among them 71% opined as good followed by 26% of them as very good and remaining 3% as poor the majority of respondents rated HOPCOMS provide good services to farmers as good. It is clear from the study that they would provide better service in future by updating and modernizing their retail outlet to producers as well as to consumers.

Summary of findings

The majority of the farmer members are in the age group of 40 to 49 years. This age group farmer would have knowledge of cultivation of fruits and vegetables and they could understand the consumers need and they could provide good quality products to needy people.

The more number of farmers are having secondary education followed by intermediate education in Mysore City.

The majority of the farmers are under Rs.10,0001 to Rs. 20,000 in the study area.

The majority of farmers are from 10 to 20 km of distance to HOPCOMS collection center even the farmers come from above 50 km as well less than 10 km.

There is a need to create awareness among the farmers regarding importance of having bank account. The farmers could easily avail the crop loan. Unless they could not avail the crop loan from bank. Among respondents majority of them has bank account still, it is required to create awareness among the farmers.

The 80% of the farmers have gained from HOPCOMS compared to other market who ever may be the producer always try to get profit by growing fruits and vegetables.

The 71% has strongly agreed that the HOPCOMS has been providing fair price to former members. When compared with other marketing channel, other than cooperative, the lengthy of middle men, were involved in marketing of fruits and vegetables. The HOPCOMS provide that direct marketing of farmers and maximises the profit of farmers.

The 74% of the farmers strongly agreed that the remunerative price paid in the HOPCOMS and provides the direct sale, the farmers would get fair price.

The 57% of them strongly agreed towards starting of new High-tech HOPCOMS.

The impact of organized retailers on HOPCOMS. Among farmers the 46% strongly disagree, 14% disagree, 31% neither agree nor disagree. The 6% of respondents agreed and 3% of the respondents strongly agreed and opined that there is an impact of organized retail outlets in Mysore City.

The 71% of farmers opined has good followed by 26% of them as very good and remaining 3% as poor, the

majority of respondents rated HOPCOMS working and service provided to farmers as good.

The horticulture produce suffers heavy post-harvest losses in the absence of adequate post-harvest and marketing infrastructure viz; precooling units, packing and

RECOMMENDATIONS

Table 10. Selling more products to HOPCOMS.

| Selling to HOPCOMS | No. of respondent | % |
|--------------------|-------------------|-----|
| Agree | 2 | 6 |
| Strongly agree | 33 | 94 |
| Total | 35 | 100 |

Source: Primary survey – 2010.

Table 11. Remunerative price paid at HOPCOMS.

| Remunerative price | No. of respondent | % |
|--------------------|-------------------|-----|
| Agree | 9 | 26 |
| Strongly agree | 26 | 74 |
| Total | 35 | 100 |

Source: Primary survey – 2010.

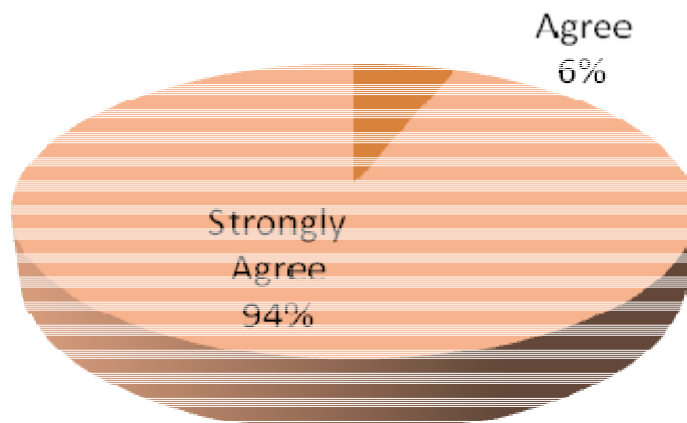


Figure 9. Selling more products to HOPCOMS.

grading sheds, cold storage facilities, refrigerated containers. These results in a wide gap between the gross production and net availability. The post harvest handling accounts for 20 to 40% of the losses at different stages of grading, packing, storage, transport and finally marketing of both fresh and processed products. The weak processing infrastructure has been one of the main factors affecting effective utilisation of the raw materials resulting in huge post harvest losses. Hence, the above facilities should be provided through HOPCOMS to fruits and vegetables producers and for HOPCOMS members.

As mentioned earlier, horticulture is emerging as one of the major thrust areas, however, as compared to overall

agriculture, has always received less attention in terms of financial support. Strengthening of the backward linkages demand huge investments in the sector through HOPCOMS. Hence efficient credit system on competitive cost terms is required, which will provide the much required stimulus to the sector and help survival of small growers as well.

The inadequate infrastructural facilities not only affect availability and quality of the horticulture crops but makes investments risk oriented apart from reducing net realization of the farmers. Importantly, serious price fluctuations commonly observed in the Indian horticulture scenario lead to glut situation in individual commodities

and lead to more of the small and marginal farmers by the traders and commission agents. The backward and forward linkages should be provided as similar to SAFAL Auction Market, Bangalore.

The favorable legal and regulatory environment and a policy that is positively oriented towards the basic

principles of co-operation. This awareness should be present in all those people who want to come together and form a cooperative, and not just at the higher levels. The second most important consideration is the viability

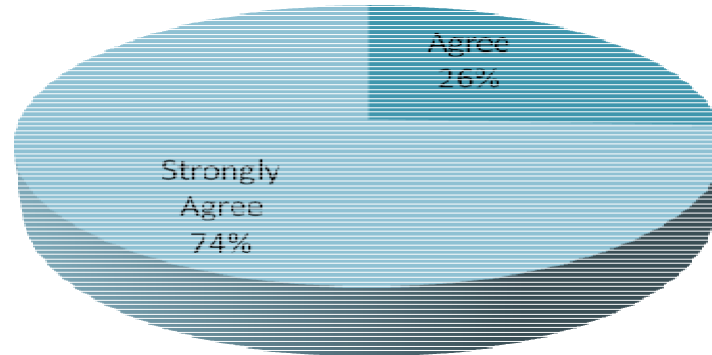


Figure 10. Remunerative price paid at HOPCOMS.

Table 12. Establishment of Hi - tech HOPCOMS outlets in Mysore City.

| Hi-Tech HOPCOMS | No. of respondent | % |
|----------------------------|-------------------|-----|
| Strongly disagree | 1 | 3 |
| Disagree | 1 | 3 |
| Neither Agree nor disagree | 4 | 11 |
| Agree | 9 | 26 |
| Strongly agree | 20 | 57 |
| Total | 35 | 100 |

Source: Primary survey – 2010.

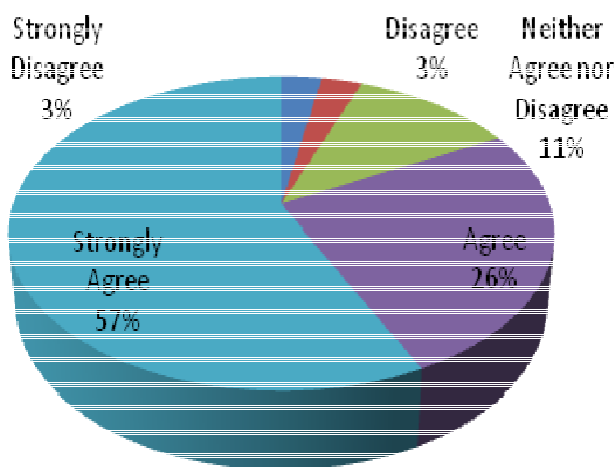


Figure 11. Establishment of Hitech HOPCOMS outlets in Mysore City.

of the business undertaking. For a business to be truly viable, member involvement must be much higher.

HOPCOMS experiences several advantages and disadvantages because of its origins as a government organisation. The main advantage to being government sponsored is the equity contribution made, which helped to create a vast organisational infrastructure, including several procurement centres, storage centres, processing centres and retail outlets. Linkages with cooperative banks have also enabled it to smooth out cash transactions with members. The main disadvantage has been the lack of active involvement from its farmer members, who constitute the organisation's main clients. In spite of their large numbers, they do not even own 10% of the total shares of HOPCOMS. Care needs to be taken to include members from among the more marginalized groups, and those who need the support from an external initiative. There should also be a large investment made in member education and training.

HOPCOMS is a good example of collective marketing of horticultural produce and tapping of the urban market

for the benefit of farmers. It is an outstanding example of the benefit of successful marketing, rather than a case of the successful provision of credit. The organisation extended credit to farmers for some years, but as it could not recover the money, the credit scheme was discontinued. Marketing and credit activities are better

done by separate specialised organisations, and not by one organisation. HOPCOMS must be clear about the clients that it wants to reach. Creating an organisation of the urban poor, to market horticultural produce would also be a good idea, as there is a growing demand for these products. However, such an organisation must add

Table 13. Impact of organized retailers on HOPCOMS in Mysore City.

| Impact of organized retailers on HOPCOMS | No. of respondent | % |
|--|-------------------|-----|
| Strongly disagree | 16 | 46 |
| Disagree | 5 | 14 |
| Neither agree nor disagree | 11 | 31 |
| Agree | 2 | 6 |
| Strongly agree | 1 | 3 |
| Total | 35 | 100 |

Source: Primary survey – 2010.

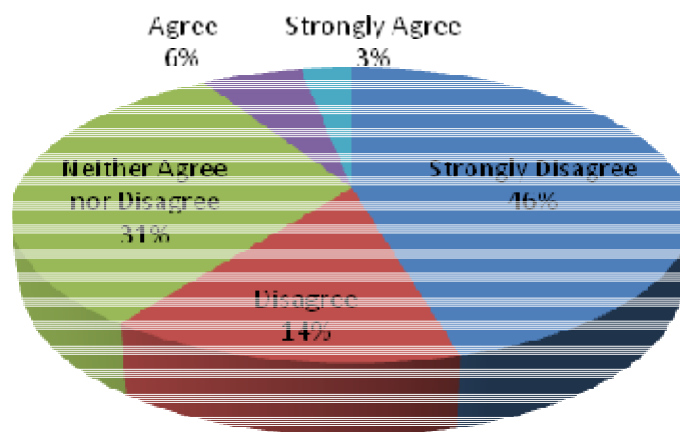


Figure 12. Impact of organized retailers on HOPCOMS.

some features and be quite different in some ways from HOPCOMS.

There is a strong need to strengthen research on horticultural crops to develop demand driven technology by improved variety, pest management, etc., in both public and private sectors. These technologies should be quickly disseminated through government institutions, co-operatives by encouraging farmers' participation and upgrading their technical capabilities. A small targeted group of talented stakeholders and small entrepreneurs should be identified and assisted in obtaining access to funding, technical assistance and supply chain partners. This small group should be actively encouraged to develop business plans and feasibility studies.

Thus there is need to develop technologies, methods and mechanics to reduce these losses. There is need to remove the distortions in the present supply chain, create more integration between the different links of the supply chain and reduce these losses. This will result in net gain

to producers, consumers and to the nation. Farmers usually procure inputs from the retail market and end up selling their produce in the wholesale market. Buying at retail price and selling at wholesale price is the most uneconomic way of business. Thus the involvement of an institutional structure in coordinating the demand of individual farmers of the village can reduce the total cost of inputs to them. The market needs to be demand driven rather than supply driven. The price of the produce should not be based on the prevailing wholesale price but on the basis of cost of cultivation of that produce. Farmers should be their own price setters rather than price followers. There is also an immediate need to integrate the production, marketing and processing processes of the produce to get maximum benefits from fruits cultivation.

The proper backward and forward linkages should be provided to the farmer members of HOPCOMS in Mysore city.

In Mysore city the HOPCOMS retail outlets are not upgrading in terms of infrastructure such as storage, display, technology etc. There is a need to upgrade the technology, Infrastructure facilities as similar to organized retail outlets.

Conclusions

India is emerging as a leading player in the global horticulture scenario. There is a great potential on both demand and supply side of the horticulture market in the

Table 14. Rating of HOCPOMS by farmers.

| Rating of HOCPOMS | No. of respondent | % |
|-------------------|-------------------|-----|
| Very good | 9 | 26 |
| Good | 25 | 71 |
| Poor | 1 | 3 |
| Total | 35 | 100 |

Source: Primary survey – 2010.

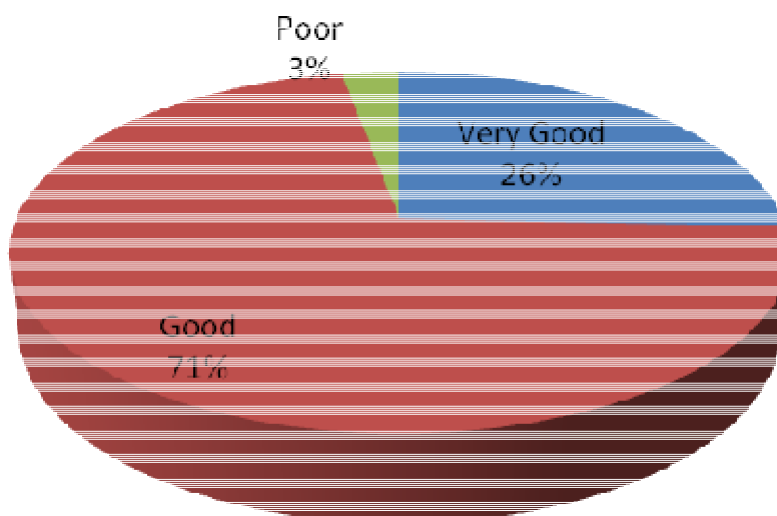


Figure 13. Rating of HOCPOMS by farmers.

country. Although, the advantages of the large research manpower pool and the abundance of raw material are clouded by disadvantages such as low level of productivity, poor infrastructure and low investment. The weak linkages between research and application, low levels of seed replacements and imbalance use of fertilisers are inhibiting productivity. However, as a result of a number of thoughtful research, technological and policy initiatives and inputs, horticulture has become a sustainable and viable venture for the small and marginal farmers. Besides, entrepreneurs are also being attracted for taking up horticulture as a commercial venture.

The infrastructural problems pertaining to the cold storage facilities are dual as some places do not have the cold storage while some places have the problem of underutilization of the existing cold storages. The utilization is even lower than 30% of the total capacity in

many cases. There are problem with price structure in processing units, the price offered by them is not justifying the prevailing wholesale price or even the cost of production of the produce. Development of competitive international transportation, linked to domestic air transport or road and rail transport would help in reduction of post-harvest losses.

The enormous losses of fruits and vegetables produced in the state are mainly because of the lack of proper infrastructure for storage and transportation under controlled conditions. Of late, Supply Chain Management (SCM) is gaining importance due to globalization. A supply chain is a set of three or more organizations linked directly by one or more of the upstream or downstream flows of products, services, finances, and information from a source to a customer. Supply chain management, then, endorses a supply chain orientation, and involves

proactively managing the two-way movement and co-ordination of goods, services, information and funds (that is, the various flows) from raw material through to end user. The changing lifestyle and open economy have forced the manufacturers/suppliers to produce/supply quality products. Several factors are driving an emphasis on supply chain management. First, the cost and availability of information resources between entities in the supply chain allow easy linkages that eliminate time delays in the network. Secondly, the level of competition in both domestic and international markets requires organizations to be fast, agile, and flexible. Thirdly, customer expectations and requirements are becoming much more stringent. So to satisfy the consumers, supply chain management system should operate with the two main objectives timeliness AND quality.

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