

# ROLE OF CAMPCO IN MARKETING OF ARECANUTS IN KARNATAKA

**A Study with special reference to South Karnataka Districts**

**Shantharama, A.**

Assistant Professor,

Dept. of Economics,

G F G C Puttur, D K-574203

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## ABSTRACT:

Areca nut is an important agricultural product in many regions of the world. It is mainly grown in India, Bangladesh, China, Indonesia, Sri Lanka and some of the specific Islands. India is the largest producer in the world. In India the cultivation of areca nut is mostly confined to the states of Karnataka, Kerala and Assam. Cultivation of areca nut is mostly confined to the states of Karnataka, Kerala and Assam but the consumption is spread all over the country.

The total area under cultivation is 2,64,000 hectares and the annual production estimated at 313,000 metric tonnes with Karnataka and Kerala accounting for nearly 72% of total production. Over six million people are engaged in areca nut cultivation, processing and trade. More than 85% of the area under cultivation is made up of small and marginal holdings.

As the areca growers had experienced a sudden marketing crisis in the year 1970-71, when prices registered a marked fall which caused considerable concern to the growers, was the genesis for the setting up of this Co-operative Venture.

The CAMPCO was registered on 11th July 1973 under sec.7 of the Karnataka Co-operative Societies Act read with sec.4 (2) of the Multi State Co-operative Societies Act 1984. The CAMPCO adopted a safe policy for purchasing and marketing the commodity and maintaining standards in quality assiduously with the dedicated cooperation of a network of diligent officers and workers.

The past trends in area, production and consumption along with price, all these clearly shows that the sector is moving in the right direction, but there are problems especially from the side of traders. Hence the governments both state and Central should take necessary steps

without any delay to overcome these. In this regard the prevailing giant cooperative like CAMPCO has to buildup financially sound.

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Abbreviations: CAMPCO= The Central Arecanut and Cocoa Marketing and Processing Cooperative.

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Arecanut is an important commercial crop in India and finds a place in all religious, social and cultural functions in India. Cultivation of arecanut is mostly confined to the states of Karnataka, Kerala and Assam but the consumption is spread all over the country. India is considered as the largest arecanut producing country in the world.

The total areas under cultivation is 2, 64,000 hectares and the annual production estimated at 313,000 metric tonnes with Karnataka and Kerala accounting for nearly 72% of total production. Over six million people are engaged in arecanut cultivation, processing and trade. More than 85% of the area under cultivation is made up of small and marginal holdings.

## **OBJECTIVES OF THE STUDY**

The basic objectives of the study about the CAMPCO are as below.

- To study the growth of CAMPCO since its inception.
- To study the problems of areca growers in India in general and in South Kanara in particular.
- To study and analyse the production and productivity of arecanut in South Kanara.
- To examine the problems of arecanut growers with regard to production and marketing.
- To study the future of arecanut.

- To help the growers to store their dried nuts till they fetch better prices in the market.

## METHODOLOGY

The methodology adopted for the present study involves the sampling design, schedules, method of analysis and discussion. The sampling design of a study is multi-stage stratified purpose. Sampling with talukas as the first stage-sampling unit. Village as a second stage, the farmers are the third stage and the structure of marketing is the ultimate sampling unit.

This study pertains to South Kanara District of Karnataka, which is the major production belt of arecanut in the state. The data for study is collected from sources – Primary and Secondary. There are six talukas comprising of South Kanara District – Puttur, Sullia, Bantwal, Belthangadi, Mangalore and Kadaba. A detailed survey was conducted in three talukas viz. Putur, Sullia and Bantwal.

Since these talukas has greater share in production of arecanut in the district. 75 farmers from each talukas were selected for study randomly. Rural farmers located in different villages having different sizes of land holding were included to cover the variations in cultivation practices, marketing practices etc. having applied stratified random sampling technique of the study area, it was decided to make the classification of all the farm holding into three groups viz small (up to 0.8 hectares), medium (0.8 to 1.6 hectares) and large scale (1.6 hectare and above).

The field survey was conducted in the study area through a pre-tested interview based on systematic sampling.

The interview scheduled on production includes general particulars about the farmers, socio-economic life, cropping, occupational pattern and other relevant information.

Secondary data on area, production, productivity, marketing price etc. were obtained from the concerned offices of the district, state and national level and other published works. The required statistical techniques were employed to get the real findings from the study.

This study is more focused on studying the overall performance of CAMPCO with regard to marketing of agricultural products in general and arecanut in particular.

This study is confined to South Kanara district, as the major production of arecanut comes from South Kanara district.

The data for study is collected from primary and secondary data.

**a) Primary data:**

- **Personal interviews:** the data were collected from the farmers regarding their holdings, production problems faced by them etc. They were kind enough to provide any kind of information that was required. Officials of CAMPCO were also interviewed and collected the information.
- **Observation method:** The information was collected by observing the various processes carried out by the CAMPCO.

The survey was conducted to analyse the objectives of marketing, identify the marketing channel; the schedule was prepared in such a way as to know the particular about the farmers, their socio economic life and their problems.

- b) **Secondary data:** Secondary data comprises of the data, collected about the production and marketing, marketing price, production and productivity, scope for providing information about consuming.

**THE CENTRAL ARECANUT AND COCOA MARKETING AND PROCESSING COOPERATIVE LIMITED:**

As the areca growers had experienced a sudden marketing crisis in the year 1970-71, when prices registered a marked fall which caused considerable concern to the growers, was the genesis for the setting up of this Co-operative Venture (what popularly is called The CAMPCO).

The State Government of Karnataka, on the advice of an Expert Committee, recommended organizing a Central Agency in the Public or Cooperative sector. With the blessings and active support extended by the State Governments of Karnataka and Kerala, the CAMPCO was registered on 11th July 1973 under sec.7 of the Karnataka Co-operative Societies Act read with sec.4(2) of the Multi State Co-operative Societies Act 1984. Through perseverant efforts of far sighted, dedicated and resourceful leaders with the cooperation and assistance of equally dedicated growers under the guidance of the State Governments of Karnataka and Kerala, this institution took giant strides forward and has turned into a tower of strength to the areca growing community in the country. The CAMPCO Ltd. is a success story of the people, by the people and for the people. It is a fruit of successful implementation of the vision and values of all the founders and the farmers of this region

The area of operation of this cooperative for procurement and processing of Arecanut and Cocoa extends to the States of Karnataka and Kerala, but for the marketing activity, the area has been extended to the whole country. Arecanut purchase operations were extended to Assam, Andaman and Goa.

Starting with its Head office at Mangalore in coastal Karnataka, the CAMPCO began with a handful of procurement centers in Karnataka and Kerala. The CAMPCO adopted a safe policy for purchasing and marketing the commodity and maintaining standards in quality assiduously with the dedicated cooperation of a network of diligent officers and workers. The society achieved success by leaps and bounds, stood the brunt of changing trends, market recessions and upheavals, glut in the market and even national calamities in the marketing field for more than two and half decades. Confidence has gained among the growers for areca cultivation as an economically viable and comfortable proposition.

The co-operative encouraged growers to take-up Cocoa cultivation as an inter-crop in the latter half of the 70's as a supplemental crop. This grew up to become a large scale operation with good results. A sudden withdrawal by the buyers of Cocoa from the procurement operations due to crash in the international market came as a shock to cultivators. Karnataka and Kerala governments enthused at this stage the CAMPCO to enter on the scene to rescue the farmers from distress. CAMPCO willingly took up the responsibility to enter the cocoa market and performed a saviour's role. As a strategy for survival in the International scene the CAMPCO played a major role in establishing a name for Indian Cocoa, which hitherto had not been achieved. It procured Cocoa Pods from growers and adopting scientific processing methods to market standards, released dry cocoa beans matching in quality in the world market to that of Ghana, Brazil and other leading Cocoa cultivating nations. With a view to creating a permanent demand and a steady market for the beans, CAMPCO established a Chocolate Manufacturing factory at Kemminje village in Puttur Taluk in Dakshina Kannada District adopting foreign technical collaboration in chocolate making. The factory was set up in 1986 at an initial investment of Rs. 116.7 million and a licensing capacity to produce 8800 metric tonnes. The factory also entered into technical cooperation venture with NESTLE (India) Ltd, for diversifying product brands. It has been producing a variety of products - semi finished items like Cocoa Mass, Cocoa Butter and Cocoa Powder and finished products in moulded line, count line, Chocolate drink etc.

## PROBLEMS & THE FUTURE

The following are some of the major problems of the areca growers in India. These problems have to be addressed without any delay.

- (1) Non-availability of adequate organized local markets. Because of this the growers are forced to sell their produce to intermediaries or private traders.
- (2) Non-availability of market intelligence to the growers is one of the reason responsible for high fluctuations in the price of this commodity in different markets. The prevailing arrangements through Radio's and Newspapers provide information only about the prevailing price in production centers, whereas the growers are not at all getting the information about the price, which is paid by the consumers.
- (3) The price of arecanut has been fluctuating periodically. This type of situation appears to be there mainly because of the dominance of the private traders in its marketing.
- (4) Problem of Transportation: Most of the production centers are not having well connected road facilities.
- (5) Lack of proper training to the farmers on aspects like grading, storage etc., minimized the scope to get better price for their product.
- (6) Arecanut trade in India is mainly dominated by the private traders and their share is above 80 percent. On the other hand even though a giant cooperative (CAMPCO) is functioning for the well-being of the areca growers, the share of it in areca business along with other cooperatives is below 20 percent. As a result of this the CAMPCO has little control over the market, thereby the price of arecanut is ultimately decided by the private traders in our country and they often go for manipulations as was experienced in the 60's, 70's and in 80's, 90's also. This view can be supported from the fact that whenever a remedial measure is proposed either by the institutions or by the Government, slowly the price goes up for e.g. when the Central Government, imposed 114 percent duty on imported arecanut or when the farmers and Government entered into the picture of the market with certain solutions in the month of October and the first week of November 2001 the price of arecanut started picking up. This clearly says that lack of market surveys or R&D in connection with market is the main factor responsible for the periodic fluctuations in the price of arecanut.

- (7) As the demand for value-added products are increasing in recent years and the youths are attracted by these, the efforts of our institutions to produce these products are insufficient. On the other hand those who are involved in the production of these products are gaining larger volume income both in the domestic and external markets through products like pan masala, scented supari and Ghutka. Again the efforts of our recognized institutions to export arecanut and its products towards developing and developed countries are poor.
- (8) Lack of advertisement or propaganda about the values and uses of the product restricted the scope for increasing the volume of direct sales from the organized agencies is also a factor responsible for the fluctuation in the prices.
- (9) Delay in finding out the alternative uses of arecanut and the subsidiary products.
- (10) Lack of control over the private traders from the side of the Government is also responsible for trade manipulations.

## PROCUREMENT & MARKETING

CAMPCO entered the Arecanut market in November 1973 and within a short period of its entry into the Market, the Cooperative was able to bring the market to the pre-fall level and by its judicious and effective procurement and sales policy, and efficient business administration, CAMPCO has been able to assure the Growers of an economical price for their produce. Thus, by the operations of CAMPCO, the Growers are now getting a very remunerative price for their produce, and CAMPCO has been able to stabilize and maintain the Arecanut market at a very economical level, thus improving the economic conditions of Areca Growers. CAMPCO started procurement initially in 5 Centers only and today, it operates through 146 Procuring Centers throughout the States of Karnataka and Kerala.

CAMPCO operates through 12 Sales Depots in almost all the States in India at different places. Comparative figures of Purchase & Sales for the last 5 years (April to March) are furnished below:

Year	Purchase		Sales	
	Quantity in Quintals	Value in Lakhs	Quantity in Quintals	Value in Lakhs
2013-14	522352	87802.32	545293	95638.82
2014-15	454974	124178.01	473464	129277.20
2015-16	511425	135779.71	470933	133992.84

2016-17	537207	130827.35	538066	136210.99
2017-18	524501	145292.88	505667	147245.00

### SCOPE FOR VALUE ADDITION IN ARECANUT

To safeguard the interest of the areca growers there is the need to explore the possibilities in value addition. In this regard the following areas has to be covered without any delay.

- 1) Need to establish a Research & Development center to find out the alternative uses of arecanut.
- 2) Value addition in arecanut should be made as per the taste and preference of the consumers both internally & externally.
- 3) Value added products should be produced for the target groups viz., students, female section of the population etc.,
- 4) As the demand for wine is larger in European countries necessary steps should be taken to produce areca wine.

### FINDINGS AND SUGGESTIONS

Even though arecanut is an important crop in India; the prevailing marketing system is not an organized one. The country has achieved a lot in terms production of arecanut and stands first in the world. However, over these years with the help of the organizations and Government the pre harvest technology has well developed. The control of intermediaries over these years in areca trade has made the way for manipulations and this is responsible for frequent disturbances in this sector.

The past trends in area, production and consumption along with price, all these clearly shows that the sector is moving in the right direction, but there are problems especially from the side of traders. Added fuel to this the recent liberalized policy, SAARC Agreement and WTO obligations are also disturbing this sector. Hence the governments both state and Central should take necessary steps without any delay to overcome these. In this regard the prevailing giant cooperative like CAMPCO, MAMCOs etc., has to buildup financially sound. For this, the State and Central Governments should provide liberal financial assistance through NABARD.

As the country in having around 6 lakhs of villages, there is very scope to have at least above 3 lakhs of pan-beeda shops and this may lead to a consumption of at least 500 to 600 tonnes



per day, apart from this it is also used in the production of value added products like scented supari, panmasala, Ghutka etc. Again in the areca growing states non-specialized pan-beedas are also consumed on large scale. Above all the country is also exporting different varieties of arecanut to different nations of the world. Hence, there is vast scope for this sector in the future and this can be realized only if the prevailing hurdles are solved through a proper well planned strategy.

For the survival of areca growers and to observe certain positive growth in the sector along with the basic objectives of economic development viz., improving and increasing social and economic capital in the sector in particular and economy in general the following aspects should be considered seriously. They are;

- (1) Conducting market surveys frequently and controlling the activities of private traders.
- (2) Restricting the volume of imports and strict control or even a ban over illegal imports.
- (3) Dissemination of price information through Mass Medias like Internet, T.V., Newspapers and Radio.
- (4) Undertaking advertisements both in the internal and external markets.
- (5) Production of more and more value added products, substitute to Ghutka that is without tobacco.
- (6) Opening up of Pan-Beeda shops in different parts of the nation.
- (7) Providing incentives to the growers to go for mixed farming and arranging the required marketing facilities for these products.
- (8) Providing timely information to the growers about pre-and post-harvest technology.
- (9) Having a separate cell for export promotion under the CAMPCO management.
- (10) Collection of Data on area, production and productivity in an efficient manner.
- (11) Requesting the NHB to conduct surveys on area, production and related aspects and to provide the required assistance in this regard.
- (12) Requesting the APEDA to identify the external markets for arecanut & its products and to conduct frequent surveys on external demand pattern and the quality concern of the consumers in the international market.
- (13) Establishing areca based products industry under the small scale sector and providing the

required assistance at a subsidized manner and requesting the food processing industrial ministry to consider this.

## CONCLUSION

As we are in the twenty-first century, the 2000 plus year - old custom of betel chewing seems to be losing its appeal in South East Asia, at least in urban areas. The present generation seems to be chewing less betel nut than their grandparents and they prefer to have more of value added products. Hence, there is an urgent need to popularize healthy value added products of arecanut. So the future of arecanut not only lies in chewing alone but also an alternative uses of it. Hence, efforts are needed from the farmers, institutions, traders, academicians, and the government to improve the status of this sector.

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