
Empowering the Small Rubber Growers through Rubber Producers' Societies in Non-traditional areas of Dakshina Kannada District, Karnataka: An analysis

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Abstract: *The Indian rubber plantation sector is dominated by smallholdings, which account for almost 93 percent of the total rubber production in the country. Small rubber growers suffer from problems like low productivity, poor quality of processing and weak marketing system. The prevalence of smallholdings makes the sector vulnerable to fluctuations in price, exploitation by intermediaries, etc. To overcome the problems of small rubber growers, the formation of co-operatives called Rubber Producers' Societies (RPSs) was suggested. The present study has assessed the role of RPSs in Empowering the Small Rubber Growers in providing services for input delivery, processing and marketing of natural rubber in DK. The study has revealed that RPS members have a lower cost of production and better price realization for their product compared to non-members. Group processing and community smoke house facility help in production of good quality rubber sheets. Key services provided by RPSs have been under five major categories, viz. marketing, financial efficiency, infrastructural and social factors.*

Key Words: *Rubber Producers' Societies, Natural Rubber, Small Holders, Harvesting, Processing.*

Introduction

India is the fifth largest producer and second largest consumer of natural rubber. Despite not being a very favourable region for growing natural rubber, India continues to record the highest productivity among the major natural rubber producing countries. The rubber plantations occupy 0.4 percent of the gross cropped area and contribute 0.19 percent to the national GDP. The country has considerable potential to expand rubber-based industries due to indigenous availability of raw material, fast growing automobile market, scope for value-addition and avenues for export. Kerala accounts for 78 percent of the area and 90 percent of the production of natural rubber in the country. Natural rubber forms backbones of commercial agricultural scenario of the state and rubber plantations have profound influence on the economic and social status of the people.

The rubber plantation sector in India is dominated by smallholdings, which account for 93 percent of the production and 90 percent of the area of rubber in the country. Though the Rubber Board has formed Rubber Marketing Co-operative Societies from 1960's, these societies could not reach out to a large number of growers, particularly in the rural areas. Transfer of appropriate technology on seasonal basis to the vulnerable section of the rubber planting community in an intelligible manner, coupled with timely delivery of quality inputs and equipments at cheaper rates is perhaps the major criterion that would help maximize production and productivity of rubber from smallholdings. Proliferation of these holdings year after year on the one hand and inadequacy of extension personnel to cater to the information needs of the rubber growers on the other, have been imposing a severe constraint to enhance productivity. A group management system and cooperative effort only could help in overcoming the existing problems, as the smallholders as ordinary growers do not individually have direct influence on prices. With a view to overcome the problems that the small rubber growers experienced in marketing over the years, the Rubber Board had suggested the formation of a grass root level organization in the villages called Rubber Producers' Society (RPS). RPS as an organizational innovation arose in a context wherein the sector was confronted with the challenge of generating adequate supply of natural rubber and driving the nation towards achieving self-sufficiency and import substitution of the commodity, on the one hand, and the pattern of ownership dominated by small and marginal landholders, on the other hand. The underlying objective was to empower the small and marginal growers while ensuring a vibrant natural rubber sector and thus contributing towards inclusive growth. A RPS helps in technology transfer and provision of input delivery services. In addition, it helps in processing and marketing rubber. The society acts as a link between rubber farmers and Rubber Board, so that extension services could be channelized effectively through it. Today there are over 2592 RPSs across India, representing more than 1.22 million farmers, cultivating over seven lakh hectares of which the average holding is 0.54 hectares.

The natural rubber processing standards in the country are in accordance with its domestic requirements. After the removal of quantitative control on the import of rubber in 2001, the indigenous rubber has to face the challenges from potential cheap import, and therefore the processing need to be

standardized, which of course can be accomplished through RPS. The situation also calls for empowering of smallholders to face the challenges of the WTO - mandated regime. Appropriate infrastructure will have to be developed in the rural areas, cost-effective rubber production, quality processing by imparting required training and ensuring access to essential information to the needy. Keeping this in view, the present study was taken up to assess the role of Rubber Producers' Societies in empowering the Small Rubber Growers through Rubber Producers Societies in Non-traditional areas of DK district.

Data and Methodology

The study was both exploratory and analytical, involving qualities as well as quantitative methods. A primary survey of rubber growers who have practical experience was used for materializing the study. In DK district, Sullia taluk and Belthangady taluk together account for 32 percent of the area and 35 percent of production of rubber in Karnataka. Hence, these taluks were selected purposively for collecting primary data on the role of Rubber Producers' Societies in input delivery, processing and marketing of natural rubber. From each taluk, four villages were selected-two with effectively functioning RPSs and two without RPSs. From each village, 15 rubber – producing farmers were randomly identified. A total of 120 farmers comprising 60 RPS members and 60 non-members were surveyed in two taluks. Rubber farmers who were members of Aivernad and Peraje RPSs were surveyed in the Sullia taluk. The non-beneficiary farmers were selected randomly from Ajjavara and Sonangeri villages of the same taluk. In Belthangady taluk, farmers from Ujire and Kokkada villages having RPSs and Mogru and Karaya villages without RPSs were surveyed. The field survey pertained to the year 2014-15. Over the years, the RPSs have played a significant role in promoting scientific cultural practices, group processing and trading to make the small grower self-reliant. RPSs also assist in transfer of technology to members, promote and assist group approach for new planting, replanting, productivity enhancement, availing of bank finance, Rubber Board grants etc., raise nurseries and supply high yielding planting materials to members.

Results and Discussion

The Plantation Enquiry Commission appointed by the Government of India in 1956 examined the marketing problems of the small growers and observed that 'what is needed is a chain of primary co-operative societies to provide

service of maintaining smoke houses for taking delivery of the latex of smallholders and making smoked sheets of uniform and good quality'. Hence, the Commission wanted to establish village level co-operative societies. The Small Holding Economic Enquiry Committee appointed in 1967 under the chairmanship of T.M Abdullah, also studies the problems of rubber industry, giving due importance to small rubber growers. The committee identified the problems of the small rubber growers as uneconomic size of holdings, lack of processing facilities and absence of Small Growers' Organizations to keep them alive to common problems. For capacity building of small rubber growers in processing and marketing, the Rubber Board launched a massive programme of organizing in each village a Rubber Latex Collection Centre modeled on the AMUL pattern of Gujarath. These collection centers were later turned into Rubber Producers' Societies. A RPS is a co-operative society with a group of 50 to 300 small growers residing in a locality, registered under Charitable Societies Act.

Services Provided by Rubber Producers' Societies

The RPS provides different services such as collection of latex sheets and scrap from the members and selling them at remunerative prices to the processors. The Rubber Board supplies the necessary equipments. These services are crucial, as they constitute the income base of small rubber growers. Even though there are differences in the extent of services rendered by the diverse RPSs, they have a critical role in different spheres of the life of small rubber growers. Societies were envisaged to function as an efficient link between the growers and the Board for facilitating extension communications and to adopt suitable measures to increase the production and productivity of small and marginal holdings, which dominate the country's natural rubber sector. Studies have shown that such structural devolution has had several implications in the labour market in the plantations. One major implication has been in terms of labour shortage in plantations, which can be expected to have arisen in the context of a growing economy with highly vibrant industrial, and service sectors, which create new employment opportunities with higher wages. Studies have pointed out to the change in the job expectations of the youth in Karnataka, with better social development indicators and hence development of different expectations about employment. Thus, this phenomenon of the younger generation in the rural areas has contributed to the reported scarcity of labour in the rural casual

labour market. Thus, labour shortage is indeed an indicator of the subtle socio-economic and cultural changes; and the consequence of long established nexus between agricultural work and low economic and social status that makes the younger generation to look for work in other sectors especially white collar or service sector jobs.

Input Services

Input distributions, which are subsidized by the Rubber Board are now channelized through RPSs. Bulk purchases provide the scale economy. The inputs distributed include fertilizers of NPK, polythene sheets and adhesives for rain guarding, plastic cups, head lights, hand sprayers, panel protectants, fungicides, spray oil, power sprayers etc. For constructing community smoke houses, subsidy is provided. Rubber Board supplies the necessary equipments such as platform balance to weigh latex, electric oven to dry sample coagulum for estimating DRC, chemical balance to weigh the dry rubber in the sample and other accessories required. Rubber Board promotes formation of group nurseries through RPSs. Polybags or plastic cups are provided free of cost to RPSs by the board, while budded good quality stumps are supplied at half the cost for planting. This initiative has helped the small rubber growers in learning the techniques of quality sapling production and has ensured their easy availability at prices lower than the open market prices.

Processing and Marketing Services

The RPSs emphasize on activities, which improve the processing and marketing facilities to small rubber growers. For members, training classes are conducted so that better grade rubber sheets can be produced. Facilities for processing good quality rubber are also provided on a group basis. It helps in producing sheets of uniform grade and export quality. The realization of higher prices for better grades has made the small growers 'grade-conscious', leading to improvement in the quality of sheets. Arrangements for marketing of products like latex, grade wise sheets, field coagulum etc, are also made by the RPSs.

Marketing Channels Identified for RPS Members and Non-members

It was found that the farmers of villages having RPSs provided latex sheets directly to them who had employed collecting agents on commission basis for this purpose. This helped the farmers by way of saving on cost or transportation and time. The price of the latex was decided, based on the basis of DRC or quality of the sheets. The RPSs were either selling it to the

Rubber Processing Society at Ujire or selling directly to outside dealers or Co-operative societies or to tyre companies. The profit obtained from the sale of latex or quality grade sheets after meeting the processing costs was equally divided among the member-farmers. Proper grading, economies of scale in the bulk transportation and bargaining power helped the members to realize better prices. Thus RPSs were a strong support in the marketing of natural rubber. In villages without RPS, an individual producer usually processes the latex into low quality sheets; i.e., RSS 4 or RSS 5, were sold to the village or town level dealers. The chances of exploitation were higher in this channel. Price realization was also low or due to weak bargaining power of individual farmer-producer. Additional cost of individual smoking house and drudgery associated with sheet processing machineries was also associated with this channel.

Strengthening the Performance of RPS

The co-operative model of activity is the basic strength of a RPS. The technical as well as financial support provided by the Rubber Board in the form of trainings and expert services improves the performance efficiency of RPS. The infrastructural facilities for group processing, storage and provision for community smoke houses help the societies to perform well. These strengthen the RPSs to be effective in delivering input services to its member farmers. Linkages with tyre manufacturing or other natural rubber based products manufacturing companies ensure a regular demand for the produce and input services by the companies at subsidized rate helps the members of RPSs to be in an advantageous position. Economies of group purchase, own quality sapling nurseries, better bargaining capacity and price realizations, etc are the strengths of RPSs. The RPSs can also start 'trained labour bank' so that the problem of severe labour shortage can be avoided. However, there exists threats of severe competition from local and private traders; RPSs can act as an agent of change to uplift social and economic conditions of the smallholder rubber grower community.

Emerging Challenges Towards a Perspective

We have observed that the regions that responded more intensively to the new organizational innovation were also the ones that withdrew on a larger scale from the new innovation. This is an issue that needs more detailed enquiry. Based on our limited field survey we are inclined to infer that RPS as an organizational innovation seems to have not succeeded in evolving

itself to the changing context in which the sector has been operating. To be more specific, as an inevitable outcome of economic transformation the number of absentee landowners increased, multiple sources of income emerged and the new generation became less interested in farming. No wonder such growers are found hardly interested in working with RPSs. Moreover, RPS has been conceived almost entirely as an organization wherein market forces have hardly any role. From our limited field survey, we tend to believe that the “tribe” of free service providers is almost extinct. Incidentally, we also noted that the bylaws of RPS remain almost intact during the last 30 years of its existence. In general, it could be inferred that there has been certain amount of institutional inertia with respect to RPS as well. While the role of market is not considered in the formation of RPS, given the new context of large number of absentee landowners, holders with multiple income sources and limited interest in cultivation by the young generation, the private players have emerged to provide a package of services to such growers. This emerging trend is likely to pose a major threat to the extension system and it appears that there is room for bringing these new actors into the innovation system. Another major challenge is with respect to the bigger issue of sustainable development and ensuring stable livelihood to the growers. The innovation system, as of now, promotes mono crop based cultural practices, in order to meet its objective to enhance productivity. Further, this cultural practice has been linked to the subsidy scheme for the small growers, wherein the growers have to adopt mono-cropping pattern of cultivation for availing themselves of the subsidy. However, such a provision leads to loss of biodiversity and exposes them to higher risk in terms of reaping the benefits of only one crop even at times of stringency, and losing everything when the crop unfortunately fails outright. Hence there arises a tussle between development and sustainable development; mono-cropping for enhancing productivity and mixed cropping for higher income generation; risk prone cultivation and risk diversifying cultivation. Further, one main challenge is in terms of response of RPS to address the labour shortage problem. The registered workers in the labour banks of the RPSs are given free training and incentives to attract as well as retain the workers.

However, policy shift in favour of Liberalization, Privatization and Globalization has gradually led to integration of the domestic rubber market into world market. The shift of policy in favour of LPG induced with global

competitiveness, export promotion, profitability and global market orientation has some challenges as well as opportunities. Many farmers, especially, the small growers have raised concerns regarding the price fluctuation and they expect some policy measures to provide them relief. The dominance of tyre and other industries may make the situation worse for small growers by weakening their bargaining position. On the other hand, the competition from exporting countries tends to exert additional pressure to the small growers who are operating already with diseconomies of scale. From the discussions, it was found that some growers who were associated with RPS resorts to hoarding, if the price is remunerative enough for them. But those growers have limited risk taking ability and that makes them vulnerable, at times, due to price shock. They undertake supply of quality planting materials at marginal prices and also processing and marketing of the products which can ensure better prices and dependence on intermediaries. Hence drawing from the discussion above, it can be said that RPS appears to be a highly innovative experiment with the potential to address many of the issues confronted by the small growers. However, RPS as an experiment seems to have not evolved adequately in response to the changing context, and a dualistic system appears to exist now in RPS with those within and outside system. While the role of market has not been taken into account in RPS experiment, new market based players appears to have emerged and there is an imperative to bring them also into the innovation system. Thus, the challenge lies in synergizing the emerging challenges and opportunities

Conclusion

The study has been focused on the rubber growers of DK district, specially the small rubber growers who are members of the Rubber Producers' Societies (RPSs). The RPSs have been found effective in transferring new technologies generated by the Rubber Board. These societies provide good quality inputs at a subsidized rate due to financial support from the Rubber Board.

Locally, the production cost of rubber is Rs. 140 per kg and from last year the growers have been carrying out rubber tapping by incurring loss. A lot of agriculturists have been cultivating rubber in many villages of Sullia, Puttur and Belthangady taluks in Dakshina Kannada district. It was also considered a status symbol to own a rubber plantation, but now, it is no more a matter of prestige as the prices have fallen to Rs. 102 per kg. The lowest rate of rubber was recorded in 1998 when the market price was Rs. 30 per kg. In 2012, it reached to Rs. 240 and today the rate is Rs 102 per kg.

Almost majority of the growers have decided to stop rubber tapping if the rate come down to Rs. 95 per kg. As many as 10,000 workers are involved in tapping rubber in Sullia taluk alone. If the tapping is stopped, around 1 lakh people who are dependent on rubber crop will be severely affected. The production of rubber has decreased approximately by two lakh metric tones in the nation. The study has shown that there exists a significant difference in the cost of input, processing and marketing between RPS beneficiaries and non beneficiaries. It is found that marketing channels that included RPSs are more efficient since exploitation by the intermediaries is nil or comparatively low. Production of uniform export quality sheets through combined efforts would help the producer-farmer to fetch better prices. An integral approach aided by the RPSs would be beneficial to the stakeholders as it will promote closer interaction among them and foster better understanding of each other's strengths and weaknesses.

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