

Structural Changes in the Marketing Channels and its Impact on the NWFP Marketing in Idukki District of Kerala

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ABSTRACT

The present paper tries to analyse the structural changes in the marketing channels of NWFP in Idukki District and its impact on the marketing of NWFP. Tribal Co-operative Societies and the Marketing Federation are the marketing channels of the NWFP in Kerala. Idukki District is the second largest tribal concentrated district in Kerala. The Tribal Co-operative Societies of Idukki District are facing problems in the marketing of NWFP with the closure of the Kothamangalam Branch of the Federation. At present, the Tribal Co-operative Societies of Idukki, which were functioning under the Kothamangalam Branch of the Federation, are attached to Thrissur Branch of the Federation. Therefore, a study is conducted to analyse the impact of the structural changes of the marketing channels to understand the current situation of NWFP marketing in Idukki District.

Keywords: Marketing Channels, NWFP, Organisational Structure, Structural Changes.

INTRODUCTION:

The Non Wood Forest Products (NWFPs) are one of the major tribal products and it is marketed through the government controlled marketing channels to rule out the exploitation of middle men in the marketing of NWFP. The NWFP are the oldest and most long standing as well as internationally traded commodities, dating back to thousands of years in ancient times and continuing in the present day. Rawat and Uniyal (2005) say that "in India, Millions of people depend on NWFP for their subsistence and more than half of the employment is generated in the forestry sector, which is strongly related to NWFP." Throughout the world, the NWFP have been essential for subsistence and commercial activities of tribal people.

The Tribal Co-operative Societies and the Marketing Federation together act as the channels of marketing the NWFP in Kerala. In Idukki District, there are three Tribal Co-operative Societies that market the NWFP collected by the tribes of various settlements of Idukki. The SC/ST Service Co-operative Societies of Idukki Districts and the Branch of the Kerala State Federation of SC/ST Development Co-operatives, Ltd., are the marketing organisations, which facilitate the selling of NWFP. At present, the structure of the marketing channels has changed and therefore the impact of the very changes is studied in this paper.

REVIEW OF LITERATURE:

A very brief review of literature is given below to stock take the studies conducted in the area of tribal product marketing. Rao (2001) has briefly mentioned about the marketing of tribal products, in Andhra Pradesh, through the Girijan Co-operative Societies and the study has also pointed out that the existing depots are facing tough competition from the traders operating through the small shops and small markets.

Sagar (2005) has conducted a study on the marketing of Non Wood Forest Products (NWFP) in Andhra Pradesh and the study has identified that the Tribal Development Co-operative (TDCCs) have significant role in the

marketing of tribal products, particularly, the NWFP. The Tribal Co-operative Societies offered best possible price irrespective of their demand and supply.

Gowda (2007) studied about the working of Large-sized Adivasi Multi-Purpose Co-operative Societies (LAMPS) in different States and Union Territories. The study provides an indepth understanding on the working of eight selected LAMPS in Karnataka that markets the tribal products. The LAMPS purchase NWFP from the tribes. The study has pointed out that the LAMPS have been facing innumerable problems and are the mercy of the Government and the apex level institutions.

Rekha et al. (2012) studied the role of LAMPS and Co-operative Societies of tribal areas. The Co-operative Societies provide productive and unproductive loans and they also supply seeds, fertilizers, etc. The study pointed out the importance of the Co-operative Societies to help the tribal development.

The above literature review shows the trend of studies in the area of NWFP marketing and the role of Co-operative Societies in marketing the products and it shows that the marketing channels of NWFP are facing various problems today and therefore the following objectives are framed to study the present research problem.

OBJECTIVES:

- To study the Marketing Channels of NWFP in Idukki District of Kerala.
- To understand the structural changes of the marketing channels and its impact on the marketing of NWFP in Idukki District.

METHODOLOGY:

A field study was conducted to understand the problems related to the changes of the marketing channels of NWFP and also to study the organisational structure. Interviews were conducted among the Co-operative societies of Idukki District. Details of the closed branch of the Federation at Kothamangalam have also been collected to understand the structural changes of the marketing channels. Secondary data have also been collected to analyse the changing pattern of the marketing channel of NWFP.

ANALYSIS AND FINDINGS:

The SC/ST Service Co-operative Societies are usually called as “Tribal Co-operative Societies” and the Kerala State Federation of SC/ST Development Co-operatives, Ltd., is called as “Federation”. The Tribal Co-operative Societies are the major institution in the marketing of NWFP and such societies are established in tribal concentrated areas. In Idukki District, there are three SC/ST Service Co-operative Societies functioning in Adimali, Vazhathope and Devikulam. The nearest branch of the federation for these three societies was the Kothamangalam Branch. The NWFP are collected by the members of Tribal Co-operative Societies from the prescribed Forest Ranges allotted to the Co-operative Societies situated in or near to the Forest Ranges.

As far as the marketing of such products is concerned, an efficient marketing organisation is essential for assuring fair prices to the producers. For the elimination of middle men from the marketing of NWFP and for improving the content and quality of goods marketed, the Tribal Co-operative Societies and Federation were established. The Tribal Co-operative Societies perform the role of efficient marketing organisation for a long time. The Co-operative Societies collect the tribal products and market such products to potential buyers through the branches of the Federation.

The Kerala State Federation of SC/ST Development Co-operatives, Ltd. was established in 1981 to market the tribal products. Prior to the establishment of the Federation, there existed extreme exploitation in the marketing of the NWFP and most of the Tribal Co-operative Societies could not withstand the exploitation of the then buyers. Earlier, the buyers were not giving fair prices for the products. They often bought goods from the Societies for low prices. The Federation was established to curtail and stop such exploitations by the buying agents and firms.

The headquarters of the Federation is at Peroorkada in Thiruvananthapuram District. Till March 2017, the Federation had four branch offices at Kalpetta in Wayanad District, Ancherry in Thrissur District, Kothamangalam in Ernakulam District and at Thiruvananthapuram. Each Branch office of the Federation has a Branch Manager and a clerical staff to look after the functions of a branch. The Managing Director is the Head of the Federation. The Tribal Co-operative Societies attached to the Kothamangalam Branch of the Federation is given in Table I.

Table I: ST Co-operative Societies under the Kothamangalam Branch of Federation

Sl.No.	Name of Societies	District
1	SC/ST Service Co-operative Society, Adimali	Idukki
2	SC/ST Service Co-operative Society, Vazhathope	Idukki
3	SC/ST Service Co-operative Society, Devikulam	Idukki
4	SC/ST Service Co-operative Society, Kuttampuzha	Ernakulam

Organisational Structure of the Marketing Channel:

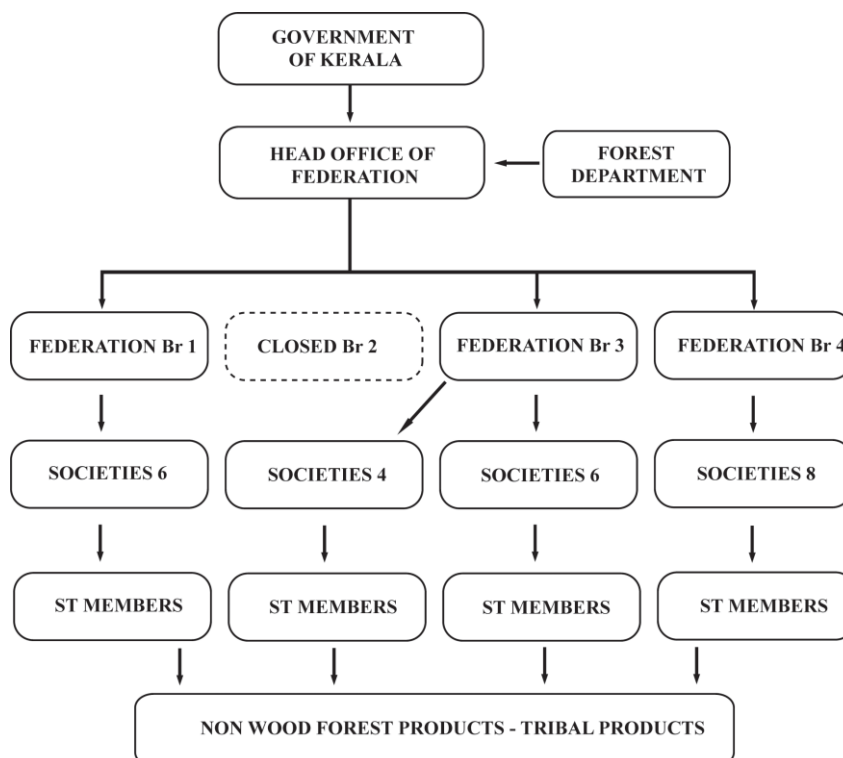
For the marketing of tribal products, a mechanism has been introduced by the Government in order to curtail exploitation by the buyers or agents existed in the early days of marketing of tribal products, particularly, the NWFP. The Kerala State Federation of SC/ST Development Co-operatives, Ltd. was established to market the tribal products under the Government of Kerala. The Tribal Co-operative Societies are functioning under the federation. The Federation’s role is to facilitate marketing by conducting auctions and the buyers are the auctioneers. However, the buyers will have to remit the full amount of auctions to the bank account of the Federation and then the Federation takes five per cent of the total amount of auction and the 95 per cent amount will be given to the society. The Federation has no direct contact with the tribal people. The products are also not bringing to the Federation and it will have to be kept with the storehouses of the societies. The buyers will have to collect the products from the societies after accomplishing the auction procedures.

Structural Changes in Organisation and Marketing:

Recently, the organisational structure as well as the marketing channel also has undergone critical changes. At present, the Kothamangalam Branch Office of the Federation is closed in 2016-17 and merged with the Thrissur Branch in 2017-18. Then the four societies, which were functioning under the Kothamangalam Branch of the Federation from the year 1982 and up to 2016 are now merged with the Thrissur Branch of the Federation. Therefore, at present, in Kerala, there are only three branches of the Federation in Thiruvananthapuram, Thrissur and Kalpetta.

According to the Tribal Co-operative Societies of Idukki District, the closing of the Kothamangalam Branch of the Federation has virtually created difficulties for the President and Secretaries as they find it difficult to reach the Thrissur Branch of the Federation on the day of auctions due to huge distance from the societies to the federation. The Chart I shows the organisational structure and the closed branch of Federation.

Chart I: Structural Changes in the Marketing Channel



The closure of the Branch 2 of the Federation has emerged as a problem and it has to be resolved for the smooth functioning of Societies and Federation. When the Kothamangalam Branch of the Federation is merged with the Thrissur Branch of the Federation, there are 10 SC/ST Co-operative Societies functioning under one branch of Federation, which is also a new problem in the marketing of tribal products.

Recent Changes in Branches of the Federation:

Since the Kothamangalam Branch Office of the Federation is closed, the four societies which were functioning under the Kothamangalam Branch of the Federation for the last 43 years are now working under the Thrissur Branch of the Federation. The Table II shows the changes in the marketing structure and the very aspect have started to create difficulties among the SC/ST Co-operative Societies of Idukki District as the Presidents and Secretaries find it difficult to go to the Thrissur Branch of the Federation on the day of auctions.

The distance between Vazhathope to Thrissur Branch is 137 KM, the distance between Devikulam to Thrissur Branch is 166 KM and the distance between Adimali to Thrissur Branch is 126 KM. Moreover, the Thrissur Branch is situated in Ancherry, which is 03 KMs away from the NH between Ollur and Thrissur. In all the cases, the office bearers of the SC/ST Co-operative Societies have to catch three or more buses and auto rickshaws to reach the Branch Office of the Federation at Thrissur. The presence of the President and Secretary of each society is needed in the office of the Federation on the day of auction of NWFPs. The absence will lead to improper decision making in auctions. This is a critical problem in the marketing and it has to be resolved for the smooth functioning of Societies and Federations.

Table II: Recent Changes in Branches of the Federation in Kerala

Kerala State Federation of SC/ST Development Co-operatives Ltd., Thrissur Branch		
1	SC/ST Service Co-operative Society, Thrissur Thalappilly	Thrissur
2	SC/ST Service Co-operative Society, Kurumba	Palakkad
3	SC/ST Service Co-operative Society, Kottathara	Palakkad
4	SC/ST Service Co-operative Society, Sholayur	Palakkad
5	SC/ST Service Co-operative Society, Malampuzha	Palakkad
6	SC/ST Service Co-operative Society, Nilambur	Malappuram
7	SC/ST Service Co-operative Society, Adimali	Idukki
8	SC/ST Service Co-operative Society, Vazhathope	Idukki
9	SC/ST Service Co-operative Society, Devikulam	Idukki
10	SC/ST Service Co-operative Society, Kuttampuzha	Ernakulam

When the Kothamangalam Branch of the Federation is merged with the Thrissur Branch of the Federation, there are 10 SC/ST Co-operative Societies functioning under one branch of Federation, which is also emerged as a new hurdle in the marketing of NWFP. One manager has to look after the sales of 10 Societies is also a hurdle in marketing of NWFP.

Structure of SC/ST Service Co-operative Societies:

The SC/ST Service Co-operative Societies for the collection and sale of NWFP have a common structure. Each Co-operative Society has a President, a Secretary and nine Directors. Of these six Directors are from the registered tribal members for the collection of NWFP and three from the Government officials, namely, Assistant Registrar Inspector, Range Officer and Tribal Extension Officer. The SC/ST Service Co-operative Societies have various collection depots under its territory. Such depots are opened only during the seasons of collection under respective Co-operative Societies. The registered members are collecting NWFP and selling it in the Co-operative Societies. The Co-operative Societies sell the products through the Federation by conducting auctions periodically. Usually, the tribal Co-operative Societies inform the federation about the availability of products within the sanctioned territories of each society. According to the seasons of availability of NWFP and the estimated quantity of products, the Federation advertises auction notice in newspapers and also send the auction notices to the usual buyers or the firms usually participate in auctions.

After auctions, the auctioneer has to remit an advance of 50 per cent of the rate fixed in the auction to the Federation and then the Federation distributes the money to the respective ST Co-operative Societies, with which the societies start collection with the registered members. This advance amount becomes the working

capital of the societies. The Co-operative societies buy the NWFP from the tribes and give cash corresponding to the quantity of collection and the rates fixed for them each year by the committee to fix the rates.

The Tribal Co-operative Societies buy various NWFP from the tribal people by giving them collection price fixed by the Federation. The tribal people are legally permitted to collect various NWFP, which have been notified by the Government of Kerala. The Tribal Co-operative Societies buy various NWFP from the tribal people by giving them collection price fixed by the Federation. As per the rule, eighty per cent of the sales price is given to the tribes as collection price. The twenty per cent of the sales value is shared in between Society (15%) and Federation (5%) to meet their expenses.

CONCLUSIONS:

The present study has identified that the structural changes in the marketing channels are creating problems in Idukki District in the marketing of NWFP and the impact of changes in the organisational structure of the marketing of NWFP in Idukki District is creating a negative trend. It has become a problem for the Thrissur branch of the Federation also as there are 10 Tribal Co-operative Societies coming under one branch of the Federation. The present changes in the organizational structure are creating the problems for the smooth functioning of the marketing of NWFP. Therefore, the study recommends that a branch of the Federation will have to be established in Idukki District to strengthen the NWFP marketing and also to rule out the present problems.

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