

Role of Malnad Areca Marketing Cooperative Society Limited [Mamcos] on The Development of Areca Nut Entrepreneurs: With Special Reference To Shimoga District

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Abstract

Areca nut (areca catechu. L) commonly referred to as betel nut or supari is the most significant commercial plantation crop. India is a traditional areca growing country in the world and it finds place in all religious, social and cultural occasions in the country. Karnataka remains the largest producer of areca nut, followed by Kerala and Assam. In Karnataka, Shimoga district leads the way in both area and production. The present study considers one of the areca nut marketing cooperative societies called MAMCOS Limited, Shimoga to study the role in marketing of areca nut and to examine the facilities offered for the development of areca nut entrepreneurs. The study employs both primary and secondary data. The primary data has been collected from 120 respondents and secondary data is collected from society's website and yearly publications. The study finds that the society is providing systematic marketing facility for the sale of areca nut and other facilities such as storage facilities, harvest loan, and advance payment on the produce to carry out processing activities. The study discovers that the MAMCOS Limited is a vital organization for empowering areca nut entrepreneurs by providing various financial and marketing support services to promote local and national development of the economy.

Keywords: Areca Nut, Entrepreneurs, MAMCOS Limited, Marketing

Introduction

Areca nut (areca catechu. L) commonly referred to as betel nut or supari is the most significant commercial plantation crop. India is a traditional areca growing country in the world and it finds place in all religious, social and cultural occasions in the country. It is widely consumed in the form of supari, beeda and pan masala. It promotes economic security for millions of people in the country. Karnataka is the largest producer of areca nut followed by Kerala and Assam. In Karnataka, Shimoga district leads the way in both

area and production. The area covered is 121264.92 ha and the production totaling 155028.68 ha., followed by Dakshina Kannada and Davanagere districts. Areca nut entrepreneurs in Shimoga process red boiled type of areca nut.

The Malnad Areca Marketing Cooperative Society Limited (MAMCOS)

The Malnad Areca Marketing Cooperative Society Limited is popularly known as ‘MAMCOS’. It was established in Shimoga to support and to provide a platform for areca nut entrepreneurs to sell their areca nut at an appropriate price. Mr. M. Sheshadri, the then district collector founded the society with 659 members with a share capital of ₹ 16,031 with the aim of protecting the interest of areca nut growers. As of 31-3-2024, there are 31,165 members and the share capital is ₹ 8,76,17,950. The society has been successful from its inception and regularly pays dividends to its members. The MAMCOS Limited performs as an intermediary between areca nut entrepreneurs and areca nut traders, collecting a 2% commission for marketing services. The society’s key objectives are to provide a systematic marketing facility for the sale of areca nut and by products of their members, to provide safe storage facilities for the produce brought by the members and to sell them at an agreed upon price as per their needs, to provide harvest loans, advance payment on produce to carry out processing activities and so on. The society has its head office in Shimoga and has successfully expanded its operations to 17 taluks including all the taluks of Shimoga and Chikkamagaluru districts, Channagiri, Honnali, Nyamti taluks of Davanagere district.

The society has implemented adopted areca e-tendering through Agricultural Produce Market Committee (APMC) electronic platform. The members of the may access essential market information on price trends on daily basis through society’s short message services, while preserving product quality in accordance with the market standards and assuming a risk in terms of produce storage in order to obtain competitive prices. Areca nut entrepreneurs obtain a fair market price and timely payment for their produce. It additionally sells farming necessities such as fertilizers, pesticides and other agricultural accessories. In addition to providing marketing facilities, the society set up areca nut direct purchase centers in Shimoga and Chikkamagaluru districts in 2017 with the aim of maintaining areca nut price stability. The society additionally sells organic fertilizers under the name of “MAMCOS Sasya Chaitanya and coir pith based organic fertilizers ‘MAMCOS Vasudhasiri’ in response to the requests of entrepreneurs. The MAMCOS Limited was awarded the ‘Prompt Tax Payer Award’ during 1997-98, ‘Best Cooperative Society Award’ from Government of Karnataka in 2007-08 and the ‘Certificate of Merit Award’ from the National Productivity Council. The present research examines one of the areca nut marketing cooperative societies known as called MAMCOS Limited to study the role in marketing the areca nut and the facilities offered for the development of areca nut entrepreneurs of Shimoga district of Karnataka.

Facilities provided by MAMCOS Limited to the Areca nut Entrepreneurs

1. Areca nut produce based loan: Entrepreneurs will get a 60% of loan based on produce, with an interest of 11.50%.
2. Harvest Loans: Entrepreneurs may obtain a loan at ₹ 2,000 per gunta for a maximum turnover of ₹ 1.50 lakh. The members who have availed bud rot disease loan of ₹ 300 per gunta are permitted to borrow upto ₹ 50,000. If the members have not taken out a bud rot medicine loan, a loan of ₹ 2,00,000 loan will be granted at an interest of 11.50%.
3. Bud Rot Medicine Loan: Bud rot medicine loan is sanctioned at ₹ 300 per gunta based on turnover upto a maximum of ₹ 1.50 lakh. A bud rot medicine loan of ₹ 500 per gunta, with a maximum amount of ₹ 80,000 may be obtained at an interest rate of 11.50%. if the borrower members repay the loan without default, interest is charged at an interest rate of 10.50%.

4. Fixed deposit-based loan: Members can borrow upto 80% of their fixed deposits.
5. Assistance Fund: The members of the society receive assistance funds for various purposes.
6. Award of Bonus: The society provides a 0.13% bonus for sales done through it.
7. Warehousing Facilities: The members can store their areca nut produce for free for a year and transfer it any branch for fair prices.
8. Technological Services: All business activities are entirely automated. To facilitate the way members access the latest and most up-to-date information, the 'areca nut technology and market information hub' has been established at the head quarters. The society has its own mobile app called 'MAMCOS' which allows to login with their registered mobiles phone numbers to access their transactions information and trade the produce in their account via e-tender.
9. Identity Card Facility: Members get a photo ID smart card to effortlessly us facilities, participate in annual general meetings and cast votes in elections.
10. Posthumous Fund Scheme: The members of the society who are under 60 years can register with ₹ 3,000, ₹ 5,000 and ₹ 10,000. The successors will get ₹ 15,000, ₹ 25,000 and ₹ 50,000 respectively.
11. Group Insurance Plan: The society provides 'Abhiraksha Scheme' for its members. The members along with their unnamed dependents and family members will be insured if they pay their insurance premiums through society's branches.
12. Health Insurance: The ICICI insurance has implemented health insurance for society members and their families. The members may utilize these services by paying the appropriate insurance premium depending on their age.

Table 1 Key Performance Indicators of MAMCOS Limited

Key Performance Indicators	2021-22	2022-23	2023-24
Share Capital	7,93,39,210	8,11,43,030	8,76,17,950
Reserve Fund	15,32,09,862	20,92,22,884	22,58,75,091
Other Funds	48,83,62,591	57,60,03,687	60,75,90,477
Deposits	2,02,59,83,771	2,03,73,89,227	2,07,37,02,286
Purchase of areca nut	2,98,51,08,334	3,33,38,69,440	4,03,92,87,071
Commission on sale of areca nut	4,34,21,59,342	4,71,05,45,886	5,79,92,42,332
Sale of areca nut	2,30,78,44,783	3,97,00,06,727	3,82,43,51,501
Sale of bud rot medicine, empty gunny bags and other	12,65,30,956	14,21,31,608	12,33,40,773
Loan to members on areca nut produce	1,49,99,39,700	2,12,94,90,131	2,33,99,79,130
Loan amount collected	1,18,69,77,929	1,80,10,26,776	2,21,37,00,013
Harvest loan	25,75,46,211	25,80,94,822	33,33,12,296
Loan amount collected	27,17,75,056	25,02,09,989	28,37,67,568
Credit on bud rot medicine	97,62,603	89,39,925	77,88,534
Loan amount collected	99,88,093	74,58,626	87,28,472
Credit to traders	4,69,35,54,655	5,29,55,08,628	8,33,18,44,139
Loan amount collected from traders	4,84,36,69,386	5,08,24,21,439	8,43,07,07,258
Total income	18,23,26,067	22,51,41,312	13,82,18,123
Net profit	3,91,96,162	4,41,57,276	5,25,35,836

Source: Annual Report of MAMCOS for the year 2023-24 (Figures in ₹)

Review of Literature

Karunakaran N. (2014) in the study “Impact of a Cooperative Society on the Areca nut Marketing in Kerala — A Case Study of Central Areca nut Marketing and Processing Cooperative Ltd” stated that marketing system of areca nut in Kerala includes primary, secondary and terminal markets. The trade in areca nut was monopolistic in nature. But this has changed since mid-1970s as a result of formation of a co-operative society called Central Areca nut Marketing and Processing Co-operative Ltd (CAMPCO). The establishment of CAMPCO has raised the farm price and wholesale price of areca nut in Kerala, of course with minor fluctuations. Areca nut marketing channel involves a number of market intermediaries. Most of the produce passes through village traders, itinerant merchants, private wholesalers, the CAMPCO and the retailers. A lower price spread and a better price through CAMPCO to areca nut growers among different marketing channels in Kerala is the most important impact of this co-operative venture. The CAMPCO has also educated the growers on the grading of areca nut in a scientific manner according to its size and quality. All these effects of CAMPCO have made areca nut cultivation more remunerative and have improved the economic status of areca nut farmers.

Virendra Kumar et al. (2015) in their paper “Role of Cooperatives in Improving Livelihood of Farmers on Sustainable Basis” analyzed the role of cooperatives in sustainable livelihood of farmers of the country and evaluated the efforts of a cooperative society towards improving rural livelihood. The study is based on secondary data. The study highlighted that cooperatives need additional support to adopt the successful model for ensuring livelihood of the members and also the rules and regulations of the cooperative to facilitate flexibility to suit the local requirements and promote various activities required for improving rural livelihoods. The study concluded that a successful cooperative movement of India should not only ensure livelihoods security in rural India, but also help to enhance rural livelihoods of the other similar countries.

Preethi, Y.H. et al. (2023) conducted a study entitled “Marketing behaviour of areca growers of Tota Utpannagala Marata Sahakara Sangha Niyamith (TUMCOS) in Davanagere district of Karnataka State” analyzed the marketing behaviour of member and non-member of areca nut growers of TUMCOS. The primary data was collected from 120 areca nut growers consisting of 60 members and 60 non-members of TUMCOS and they were selected by using simple random sampling technique from give branch areas of TUMCOS in Davanagere district through personal interview method. For the analysis simple averages were used. The study concluded that members of TUMCOS received daily market information via short message services apart from this facility, TUMCOS provides grading and packing facilities, benefit of value addition as well as suitable storage facility and allow them to obtain large-scale pledge loans. The members of areca nut planters take advantage of all services of TUMCOS services, than that of non-members of areca nut planters.

Jamanal and Murthy (2023) conducted a study on “A Study on Growth of Procurement of Areca nut by Different Marketing Agencies for the Benefit of the Farmers” to know the roles and facilities provided by the marketing agencies and to study the trends in procurement of areca nut from the marketing agencies. For the study two marketing societies, i.e. RAMCOS and TUMCOS were taken, and the period considered from 2007-08 to 2021-22. The descriptive statistics and compound annual growth rate were employed for result analysis. The study concluded that marketing agencies are playing a crucial role in enhancing the income of the members by providing appropriate and accurate guidance right from production till marketing of areca nut. Despite this social obligation is also taken care of by the marketing societies, it also indicated that these agencies are paying the remunerative and competitive price on par with the market rate for their members. The study advised the farmers to join as members of these marketing agencies to overcome the distress sale situation for the valuable produce.

Objectives

1. To study the role of MAMCOS in marketing of areca nut in Shimoga.
2. To examine the facilities offered by the society for the development of areca nut entrepreneurs in the study area.
3. To evaluate the impact of MAMCOS on the economic viability and sustainability of areca nut entrepreneurship in the study area.

Materials and Methods

The study is being conducted in Shimoga district of Karnataka State due to the high output and productivity of the areca nut crop, and in addition to gain insight into the role and facilities offered by the society to its members.

Research Methodology

The study is based on both primary and secondary data. The primary data has been collected from 120 respondents of the society by employing convenience sampling technique and the secondary data has been gathered from MAMCOS annual reports for the financial year 2023-24, journals, magazines and the society’s website.

Data Analysis and Interpretation

Table No. 1 Demographic Profile of the Respondents

Sl. No.	Particulars	No. of Respondents	Percentage
Age	18-25	8	6.67
	26-35	24	20.00
	36-45	32	26.67
	46-55	34	28.33
	56 and above	22	18.33
	Total	120	100
Educational Qualification	No formal education	5	4.17
	Primary education	38	31.67
	Secondary education	42	35
	Graduation	23	19.16
	Post Graduation	12	10
	Total	120	100
Annual Income	Less than 100000	11	9.17
	100000-500000	46	38.33
	500000- 1000000	37	30.83
	1000000-2000000	16	13.33
	More than 2000000	10	8.34
	Total	120	100

Table 1 indicates that 6.67% of the respondents are in the age group of 18-25 years, 20% are in the 26-35, 26.67% are 36-45, 28.33% are 46-55 years and 18.33% are above 56 years. 4.17% of respondents do not have formal education, 31.67% have completed primary education, 35% have completed secondary education, 19.16% have completed graduation, and 10% have completed post-graduation. 9.17% of respondents’ income is less than 100000, 38.33% have 100000- 500000 income, 30.83% have 500000- 1000000, 13.33% have 1000000-2000000, and 8.34% of respondents have more than 2000000 annual income.

Table No. 2 Years of involvement in areca nut cultivation

Particulars	No. of Respondents	Percentage
1-5 years	6	5.00
6-10 years	19	15.83
11-15 years	38	31.67
More than 15 years	57	47.50
Total	120	100

Table 2 shows that 5% of the respondents have been involved in areca nut cultivation for 1-5 years, 15.83% for 6-10 years, 31.67% for 11-15 years, and 47.50% for more than 15 years.

Table No. 3 Size of areca nut farm (in acres/hectares)

Particulars	No. of Respondents	Percentage
0-2	45	37.50
2-5	34	28.33
5-10	24	20.00
More than 15	17	14.17
Total	120	100

Table 3 shows that 37.50% of the respondents have 0-2 acres, 28.33% have 2-5 acres, 20% have 5-10 acres, and 14.17% have more than 15 acres of areca nut farm. This highlights that a greater number of respondents are marginal areca nut entrepreneurs.

Table No. 4 Membership in MAMCOS

Particulars	No. of Respondents	Percentage
0-5 years	18	15
6-10 years	29	24.17
11-15 years	36	30.00
More than 15 years	37	30.83
Total	120	100

Table 4 shows that 15% of the respondents have become members from 0-5 years, 24.17% from 6-10 years, 30% from 11-15 years and 30.83% from more than 15 years. It represents that more number of respondents are members of the society for a longer period.

Table No. 5 Motivation to join MAMCOS

Particulars	No. of Respondents	Percentage
Market access	74	61.67
Financial support	26	21.67
Training and resources	13	10.83
Technical guidance	7	5.83
Total	120	100

Table 5 shows that 61.67% of the respondents have joined the society because of market access, 21.67% for financial support, 10.83% for training and resources and 5.83% for technical guidance.

Table No. 6 Influence of MAMCOS in marketing of areca nut

Particulars	No. of Respondents	Percentage
Significantly improved	92	76.67
Not significantly improved	28	23.33
Total	120	100

Table 6 indicates that 76.67% of the respondents expressed that MAMCOS influence significant improvement in marketing of areca nut and 23.33% not significantly improved.

Table No. 7 Improved market access to sell areca nut by MAMCOS

Particulars	No. of Respondents	Percentage
Greatly improved	87	72.50
Somewhat improved	20	16.67
No change in access	0	0
Difficult to access	13	10.83
Total	120	100

Table 7 indicates that 72.50% of the respondents expressed that MAMCOS has improved marketing access to sell areca nut is greatly influenced, 16.67% somewhat improved and 10.83% difficult to access the market.

Table No. 8 Avail of financial support from MAMCOS

Particulars	No. of Respondents	Percentage
Yes	102	85.00
No	18	15.00
Total	120	100

Table 8 indicates that 85% of the respondents have availed financial support from MAMCOS and 15% not availed financial support.

Table No. 9 Additional support to be extended by MAMCOS to enhance areca nut entrepreneurs

Particulars	No. of Respondents	Percentage
Better market access	79	65.83
Increased financial support	21	17.50
More training programmes	13	10.83
Technical guidance	7	5.83
Total	120	100

Table 9 represents that 65.83% of the respondents have expressed that beeter market access to be extended, 17.50% increased financial support, 10.83% more training programmes and 5.83% technical assistance.

Table No. 10 Satisfied with the Services Provided by MAMCOS

Particulars	No. of Respondents	Percentage
Very satisfied	42	35.00
Satisfied	59	49.17
Neutral	19	15.83
Dissatisfied	0	0
Very dissatisfied	0	0
Total	120	100

Table 10 shows that 35% of the represents are very satisfied with the services provided by MAMCOS, 49.17% satisfied and 15.83% are neutral.

Findings

- MAMCOS membership has expanded significantly since its establishment, which indicates community support and engagement among areca nut entrepreneurs.
- The society provides organized market facilities and storage services for members to sell their produce at favourable prices and additionally, harvest loans and other loans at competitive interest rates and advance payments for processing activities. This financial assistance is vital in improving the productivity and sustainability.
- In 2023-24, 3,03,910 areca nuts are received, which results in a net profit of ₹ 5.25 crores i.e. 18.97% net profit has been earned during the year 2023-24 when compared to previous year.
- From 2017, the society has established areca nut purchasing centers and performs as a commission and trader.
- The MAMCOS Limited collects 1.5% commission from cooperative societies including CAMPCO, HAPCOS and KRAMCOS and 2% from individual dealers for areca nut purchases. Private traders purchasing areca nut for more than ₹ 40 crores get a 0.5% commission discount.
- The society's procurement of areca nut has increased compared to the previous year. The other cooperative societies account for 27.36% of purchases and with individual dealers accounting for 46.42%.
- The society has introduced technology throughout daily activities to enhance member utilization of facilities.
- ₹ 233.99 crores worth of loans have been distributed for areca nut produce.
- The society purchased areca nut worth ₹ 206.20 crores through its branches.
- 344 members withdrew their membership and share capital during 2023-24.
- A total of 14105 members i.e. 45.01% did not provide areca nut to the society and not utilized the services provided by the society.
- 487 members failed to repay harvest and bud rot medicine loans.
- The number of new members is rising year to year.
- The society audits itself annually.
- Market price fluctuations for areca nut.
- There is competition from other cooperative societies.
- Annual shareholders meetings provide updates on the society's progress. .

Suggestions

- MAMCOS should introduce more diverse financial support such as microloans and insurance options to members to mitigate the risks associated with crop failures.
- Specialized training programmes should be organized to focus on advanced agricultural techniques and sustainable practices to adapt to changing market demands.

- Society should encourage members to engage in processing activities such as grading and packaging to enhance product value and attract higher price in the market.
- In collaboration with agricultural universities and research institutions society should conduct studies on pest management, soil health and crop improvement specific to areca nut cultivation.
- The society should prioritize retaining and improving existing members by organizing awareness campaigns about the benefits of cooperative membership.
- A platform needs to be created to encourage collaboration among members to share best practices and experiences.
- Society should actively engage with the government bodies to implement policies that support areca nut entrepreneurs such as subsidies, research funding and infrastructure development.
- Society should encourage the members to bring the areca nut to the society and use its services.
- Society has established direct areca nut purchasing centers in selected locations, which could be expanded to additional regions of operation.
- MAMCOS Limited should organize training on scientific cultivation and processing methods for areca nut entrepreneurs to improve the profitability.
- Incentives which include longer payback terms, loans without interest for full repayment and lower rates of interest should be announced to collect the dues from the members.
- In annual general meeting of the shareholders experts from horticulture and agriculture fields are to be invited to familiarize themselves with crop and disease management strategies.
- Areca nut procurement should be carried in response to the market demand.
- During the annual meetings, suggestions expressed by the members are to be implemented and grievances are to be resolved.

Research Gap

The MAMCOS Limited is considerably offering financial and marketing services to support the areca nut businesses in Shimoga. The studies on CAMPCO and TUMCOS cooperative societies have been carried out but there have not been more studies on MAMCOS Limited. Therefore, the aim of this study is to examine the services provided to areca nut entrepreneurs in Shimoga.

Conclusion

The MAMCOS Limited plays a pivotal role in the development of areca nut entrepreneurs in Shimoga by providing essential services in terms of market access, financial assistance and technological advancements. The cooperative not only helps stabilize incomes for areca nut entrepreneurs but also fosters innovation and sustainable practices within the industry. As the demand for areca nut continues to grow, MAMCOS Limited stands as a vital institution that not only uplifts individual entrepreneurs but also contributes to the overall economic development of members. The cooperative model exemplified by MAMCOS Limited serves as a powerful tool for collective growth, enabling areca nut entrepreneurs to thrive in a competitive market while promoting sustainable agricultural practices.

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