

INSTITUTIONAL FINANCING TO COFFEE GROWERS IN KARNATAKA

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ABSTRACT

Many of the coffee growers are finding that coffee cultivation is no more profitable which was a delight some years ago. Low international prices and frequent price fluctuations, Rising cost of production, Shortage of labour, Imbalance in the supply chain, Lack of farm credit, over dependence on a single income source, inability to access the market, lack of credit and market information, lack of technical support, quality degradation, livelihood diversification, difficulty in mechanization of cultivation, high labour cost, damage to plantation by wild animals, increased borrowings leading to more debt ,changing weather conditions, lower yield, ever changing government policies (eco sensitive zone) etc.

Price Volatility is one of the major problems faced by almost all the growers. Most of them concentrated on the plantations when the price of coffee reached Rs. 3000 per bag of 50 kg of Robusta cherry. But this did not last long. The prices saw a sharp decline leaving the growers in dilemma. Now again we have seen a price rise but it is not stable and the planters cannot rely on it.

At the outset, it seems that a good market price alone is the best solution for this problem but in reality, it is not so. The best way out is by providing sufficient amount of information as well as credit to the farmers at the time when it is required and for the purpose it is required. At the same time, there must be a close watch with regard to its usage.