

A Study on the Financial Status and Growth Trends of Hopcoms in Karnataka

Siddappaji D

Faculty of Economics, Department of BA (UG), Bangalore University, Bengaluru-56

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Abstract

The present study aims to analyse the working performance of the Horticulture Producers Co-operative Marketing and Processing Society (HOPCOMS) in Karnataka. HOPCOMS plays an important role in procuring horticultural produce and marketing it across various regions. Established in 1959, the society currently operates 312 selling points and 6 procurement centres. At present, 22 District HOPCOMS are functioning in the state under this organisation. HOPCOMS procures horticultural products directly from farmers at fair prices and undertakes grading and marketing to consumers at reasonable rates. Several development programmes and policies have been introduced to strengthen District HOPCOMS through financial assistance from the Karnataka Horticulture Federation (KHF). The primary function of HOPCOMS is to purchase vegetables and fruits directly from farmers and supply them directly to consumers. The study reveals that the society has 8,585 members, with a share capital of ₹273.55 lakhs and a working capital of ₹3,508.67 lakhs. It recorded a net profit of ₹263.15 lakhs as on 31st January 2022.

Keywords: *HOPCOMS; Memberships; Financial Performance; Share Capital; Working Capital; Profitability Analysis; Net Profit.*

Introduction

HOPCOMS plays a prominent role in procuring horticultural crops and marketing them across various regions. It procures horticultural produce directly from growers at reasonable prices and undertakes grading and marketing to consumers at fair rates. The objective of the Karnataka Horticulture Federation (KHF) is to organize an efficient fruit and vegetable marketing system from growers to consumers. However, farmers have expressed concerns that they do not benefit sufficiently from HOPCOMS, as sales at outlets are limited and it is often not economical for them to travel long distances to sell their produce. HOPCOMS operates through 22 district units in the state, selling fresh fruits and vegetables procured from farmers at reasonable prices. It also supplies horticultural inputs and equipment to member farmers and establishes storage centres and sales outlets to improve marketing efficiency. In addition, it promotes the processing and sale of fruits and vegetables for households, hospitals, factories, and events. Through this system, farmers are assured of fair prices for their produce, while consumers receive quality goods at affordable rates. The society eliminates middlemen from the market, which helps improve the income of producers, farmers, and members. Its main functions include procurement, storage, and distribution. The primary aim of any organisation is to serve people while also generating profits.

Research Objectives

1. To study the historical background and major activities of HOPCOMS in Karnataka.
2. To examine the financial performance of HOPCOMS in terms of capital, working capital, and profitability in the state.

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Research Hypothesis

1. There is a positive increase in share capital, working capital, and net profit of HOPCOMS in Karnataka.

Material and Methods

The present study is mainly based on secondary sources of data. The secondary data has been collected from various annual reports of the Karnataka Horticulture Federation (KHF), the Department of Horticulture, the Department of Co-operation (Sahakara Sindhu), and office documents of HOPCOMS, Bengaluru, and the Economic Survey of Karnataka. The data collected has been analysed using average and percentage methods. The study covers the period from 2013 to 2021.

Statistical Tools Analysis: The collected data has been analysed using appropriate statistical techniques such as percentage analysis, mean, Compound Annual Growth Rate (CAGR), and the exponential growth model.

Historical Background of HOPCOMS in Karnataka

HOPCOMS, popularly known as the Horticultural Producers Co-operative Marketing and Processing Society, is a farmers' cooperative established for the direct marketing of agricultural produce. It was founded in 1965 to facilitate the direct marketing of farm products and operates under the jurisdiction of the Department of Horticulture, Government of Karnataka. The society is headquartered in Lalbagh, Bengaluru, in the southern Indian state of Karnataka, and its activities are spread across the districts of Bengaluru Urban, Bengaluru Rural, Kolar, Ramanagara, Mandya, Mysuru, and Chikkaballapura. The origin of HOPCOMS dates back to 1959, when Mari Gowda, the then Director of the Department of Horticulture, established the Bangalore Grape Growers' Marketing and Processing Co-operative Society to promote grape cultivation by providing technical guidance to farmers and creating a marketing system for their produce. The society initially operated in Bengaluru, Kolar, Mysuru, Tumakuru, Mandya, and Mangaluru districts.

Major Activities of HOPCOMS

- HOPCOMS has opened four procurement centres at Sarjapura, Channapatna, Hoskote and Kanakapura where facilities have been arranged for acceptance, weightment and grading of produces.
- The payments to the farmers are distributed immediately on acceptance of goods.
- The goods are then transferred to central go-down, processing units or retail outlets as per requirement.
- The society functioning 276 retail outlets of which 238 retail outlets in the urban and rural areas of Bengaluru and 19 outlets in Kolar district.
- HOPCOMS has fruit processing units which process Grape, Mango and Orange juice s for the retail market.
- It also has a distribution system for supplying fruits and vegetables to government hospitals such as Victoria Hospital, Leprosorium Hospital, Bowring & Lady Curzon Hospitals, NIMHANS and Kidwai Memorial Institute of Oncology, factories such as Indian Telephone Industries and Hindustan Machine Tools, hostels and clubs and also undertakes supply of produces for social and marriage functions.
- The total quantity of goods handled by HOPCOMS in a day is around 100 tonnes. It also supplies equipment, manure and consumables to the farmers at reduced rates and has plans to open a walk-in supermarket and 100 modern outlets with funding from the Karnataka Horticultural Federation.
- The society organizes periodic fruit and vegetable festivals in various places in Karnataka where special stalls are set up for direct selling of produces.

Performance of HOPCOMS in Karnataka

HOPCOMS is a farmers' society founded for the direct marketing of farm produces. Its activities are spread in the districts of Bangalore Urban, Bangalore Rural, Kolar, Ramanagar, Mandya, Mysuru and Chikkaballapura. The Main objective of this organization was to ensure profitable price to farmers and reasonable rates to consumers. The organization is a member of Karnataka Horticulture Federation (KHF) an apex body at State level for all district horticultural societies. The price at which HOPCOMS buys the produce from the farmers is based on the prevailing rates in the markets, which their staff visit and participate in the auction to observe qualities of commodities and prices

at which they are sold. They compile these prices manually, average out, and based on the demand and supply of those commodities; procurement and marketing division sets the purchase prices. While some of the strengths of HOPCOMS such as those mentioned below have to be leveraged further to boost sales, there is a need to align the strategies of HOPCOMS towards engaging the this new consumer - Strong procurement, High penetration of the sales outlets, Sales outlets located in convenient/prime locations of the city, Salesmanship and customer relationship and Low/ reasonable rentals of the outlets.

Growth and Development of HOPCOMS in Karnataka

In this section noted that the infrastructural facilities for marketing of fruits and vegetables under HOPCOMS in Karnataka as of 2022. Surprisingly vehicle and godown have increased to 16.00 and 9.52% respectively. Whereas numbers of outlet (11.90%), chemical and fertilizer retail outlets (40.00%) and procurement centres (12.50%) have decreased, it was due to low demand in particular region in Karnataka state. The society functioning 276 retail outlets of which 238 retail outlets in the urban and rural areas of Bengaluru and 19 outlets in Kolar district. At present, HOPCOMS has 312 selling points and 06 procurement centres in the state. It procures horticultural produce from the growers at reasonable prices and arranges for grading and marketing to the consumers at reasonable prices. The total quantity of goods handled by HOPCOMS in a day is around 100 tonnes. It also supplies equipment, manure and consumables to the farmers at reduced rates and has plans to open a walk-in supermarket and 100 modern outlets with funding from the Karnataka Horticultural Federation. As on 31-01-2022, the society has 8585 members with share capital of Rs.273.55 lakhs, working capital of Rs.3508.67 lakhs and earned a net profit of Rs.263.15 lakhs.

The HOPCOMS are running out of profitability as customers prefer alternative options like online grocery stores and supermarkets farmers produce. The member farmers bring their produce to the society, where the produce is graded, weighed and the payment is made to the farmers immediately. To help the growers transport the produce, the Society has procurement centres in major supply areas in all the districts of Karnataka state.

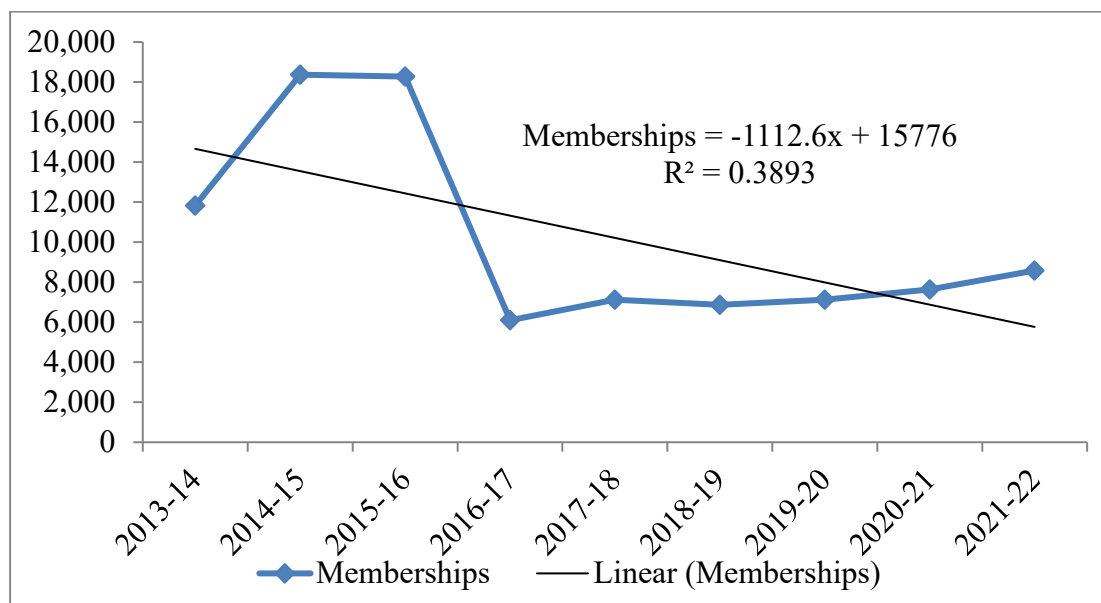
Table – 1: Enrolled Memberships and Working Performance of HOPCOMS in Karnataka (2013-14 to 2021-22)

(In Numbers)

Year	Memberships	Selling Points	Procurement Centres
2013-14	11,835	239	7
2014-15	18,368	274	7
2015-16	18,282	295	7
2016-17	6097	251	7
2017-18	7124	250	7
2018-19	6869	250	7
2019-20	7124	251	7
2020-21	7631	302	6
2021-22	8585	312	6
Mean	10,213	269	7
CAGR (%)	-9.04	1.73	-1.78

Source: 1) Annual Report of HOPCOMS, Bengaluru (2013-14 to 2021-22).

2) Annual Report of Co-operation Department, Bengaluru (2022).

Graph – 1: Enrolled Memberships under HOPCOMS in Karnataka (2013-14 to 2021-22)

The above table and graph clearly shows the enrolled memberships and working performance of HOPCOMS in Karnataka during the period from 2013-14 to 2021-22. The enrolled memberships under HOPCOMS were 11,835 in 2013-14, which predominately increased to 18,282 in 2015-16, which again sharply decreased to 6097 members in 2016-17, and it again sharply increased to 8585 members in 2021-22. Then, the selling points working under HOPCOMS was 239 in 2013-14, which significantly increased to 312 in all the districts of Karnataka state during 2021-22.

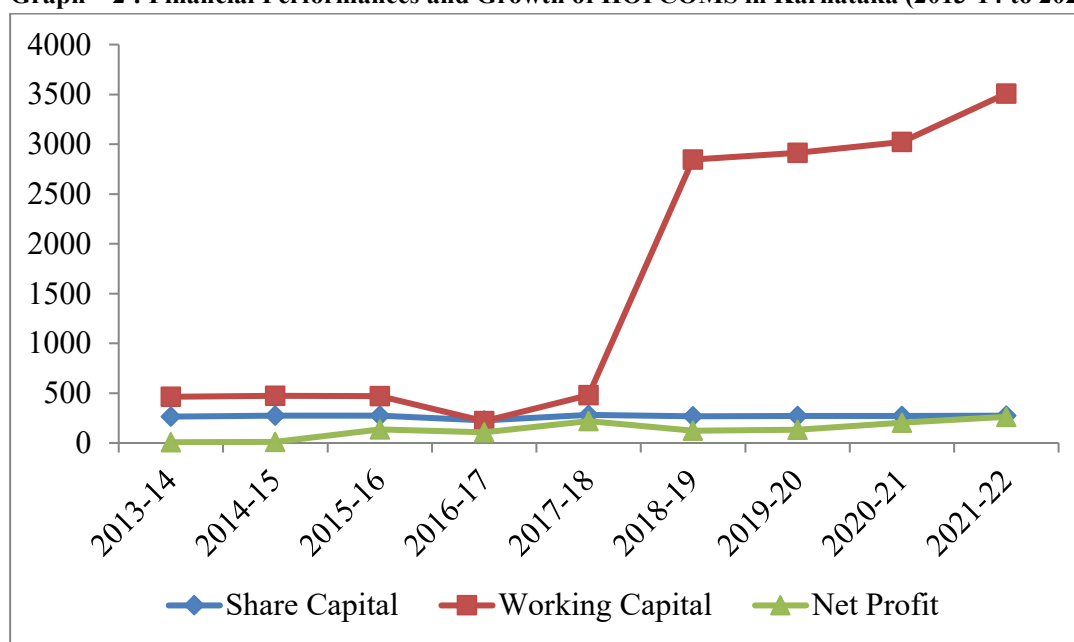
Table – 2: Financial Status of HOPCOMS in Karnataka (2013-14 to 2021-22)

(Rs in Lakhs)

Year	Share Capital	Working Capital	Net Profit
2013-14	265.90	463.60	7.53
2014-15	275.44	473.14	10.43
2015-16	273.30	471.00	137.13
2016-17	227.00	219.00	107.00
2017-18	282.11	479.81	219.18
2018-19	268.17	2844.51	124.93
2019-20	270.13	2912.01	133.12
2020-21	271.92	3024.21	205.09
2021-22	273.55	3508.67	263.15
Mean	267.50	1599.55	134.17
CAGR (%)	0.36	39.26	47.32

Source: 1) Annual Report of HOPCOMS, Bengaluru (2013-14 to 2021-22).

2) Annual Report of Co-operation Department, Bengaluru (2022).

Graph – 2 : Financial Performances and Growth of HOPCOMS in Karnataka (2013-14 to 2021-22)

The society avails financial assistance from government and financial institutions for its developmental activities. The above table- shows the financial performance and status of HOPCOMS in Karnataka during the period from 2013-14 to 2021-22. In 2013-14, the share capital of HOPCOMS was Rs.265.90 lakh which significantly increased to Rs.282.11 lakh in 2017-18; it sharply decreased to Rs.268.17 lakh in 2018-19, which again sharply significantly increased to Rs.273.55 lakh in 2021.22. The working capital of HOPCOMS was Rs.463.60 lakh in 2013-14, which predominately increased to Rs.3508.67 lakh in 2021-22. Then, the above table also indicates the HOPCOMS have net profit of Rs.7.53 lakh which significantly increased to Rs.263.15 lakh in 2021-22.

Testing Hypothesis

H0: There is no positive increase in share capital, working capital, and net profit of HOPCOMS in Karnataka.

H1: There is a positive increase in share capital, working capital, and net profit of HOPCOMS in Karnataka.

Table –3: Exponential Growth Model for Financial Status of HOPCOMS in Karnataka

Model Summary and Parameter Estimates							
Dependent Variable: Share Capital, Working Capital, and Net Profit							
Equation	Model Summary					Parameter Estimates	
	R Square	F	df1	df2	Sig.	Constant	b1
Share capital	.025	.178	1	7	.686	262.235	.004
Working Capital	.685	15.252	1	7	.006	189.964	.331
Net Profit	.650	12.999	1	7	.009	12.219	.387

Source: Researcher Compiled

The above table reveals the results of the exponential growth model for financial performance and growth of HOPCOMS in Karnataka. As per the results, the share capital performance and growth of HOPCOMS has positively grown on an average of 0.04% during the study period and it is significant at 10% level of significance. The goodness

of fit value is 2.5%. The working capital performance and growth of HOPCOMS has positively grown on an average of 33.1% during the study period and it is highly significant at 1% level of significance. The goodness of fit value is 68.5%. The net profit performance and growth of HOPCOMS has positively grown on an average of 38.7% during the study period and it is highly significant at 1% level of significance. The goodness of fit value is 65.0%.

Conclusion

This presents study concluded that the working performance and growth of HOPCOMS involved in procurement and marketing of horticultural produce produced by the member-farmers of this society. It procures produce from the farmers and sells it through its sales outlets established in different parts of the states. The HOPCOMS came up with an innovative marketing model not only for the member-farmers but also for other farmers. The farmers who got the special passes supplied fruits and vegetables to HOPCOMS. HOPCOMS in turn supplied these products to more than 90 government/ private institutions, such as hospitals and hostels. The present study results that the HOPCOMS has 312 selling points and 06 procurement centres in the state. It procures horticultural produce from the growers at reasonable prices and arranges for grading and marketing to the consumers at reasonable prices. As on 31-01-2022, the society has 8585 members with share capital of Rs.273.55 lakhs, working capital of Rs.3508.67 lakhs and earned a net profit of Rs.263.15 lakhs.

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