

## Coconut blues: Tracing the reasons for looming crisis

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The coconut economy of the country is now facing one of the most awful crises in its recent history on account of price crash, low productivity, low demand and profitability. Despite the importance of coconut with respect to its economic, nutritive and health contributions, coconut farming in India has been lately considered as unremunerative. Some questions arise in this context are as follows;

1. Is realisation of higher productivity in coconut palms alone can improve the profitability of coconut farming in India?
2. Is it solely the technical constraints, which arise out of lower adoption of improved technologies that result in the crisis of this crop in India?
3. How do research, policy, and development initiatives could mitigate the ominous catastrophe experienced by the coconut farming communities?

Endeavoring to prioritize the issues associated with coconut, we realise that coconut farmers are more confronted with market-related difficulties such as low and highly fluctuating prices and difficulty to find favorable market outlets for their products rather than the technological challenges which result in low productivity in the farm. The failure to move up the global value chain and there by resisting the market pressure on domestic prices in an open economy environment is arguably one of the major causes of the price rigidity of coconut in India. In this scenario, it would be a worthwhile exercise to probe the possible reasons for the crisis in this sector. Through this study we have attempted to characterize the price rise and decline in coconut sector during the past two year and also delineated the major possible reasons behind such a regime. The analysis revealed that steep rise in coconut price associated with less supply due to decline in productivity and subsequent high demand for the coconut by the export and processing units with in the country. In nut shell four major reasons could be attributed to the recent price escalations which are a) the supply deficits, b) price rise in substitute oils, c) surging industrial demand high volume of exports and d) a global shortfall in edible oil supply. The absence of effective demand of coconut and coconut products is indubitably the major reason for price decline and price stagnation experienced in the very recent period. It is also suggested that although outward orientation (exports) is important but to sustain a remunerative price regime for the coconut we need to elevate the domestic consumption of coconut and its products.