



Copra and Coconut Oil - the production trend in India

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Coconut is a versatile crop having products that has immense potential for commercial exploitation. The country shares 17.55 % of area and 31.02 % of production of total production of coconut in the world. India is the largest producer of coconut in the world contributing 20.44 billion nuts from an area of 1.98 million ha with an impressive productivity of 10,345 nuts per ha (2014-15). Contribution of coconut to the GDP of the country is around Rs.200 billion (US\$ 2.97 billion). Export of coconut products including coir from India grew to Rs. 3352 crores (US \$ 498.69 million) during the year 2015-16, which is 13.90 % higher than that of the previous year. India consumes almost 95% of its production indigenously. Of the total production of coconuts in India, almost 45 percent is used domestically. Out of which, roughly 10 percent nuts are retained in farmers house hold as seed nuts, for daily cooking and other uses. Remaining 35 percent comes to market which are sold to urban households and to pilgrims as religious offering. Out of the total production of coconut about 25 percent is used as tender nuts and about 30 percent is used for making copra and oil.

Production of copra and trade

Copra, the dried kernel has highest oil content (65-68%) as compared with other oil seeds. Two types of copra are produced in India, milling or cut copra and edible or ball copra. Out of 40 percent, 30 percent is used for making milling copra and only about 10 percent is used for ball copra. In Indian concept, milling copra equates to general concept of copra and in other countries this is used for coconut oil extraction. The quantity of

coconut is used to milling copra varies from state to state depending upon the area and production of coconut and culinary culture of the region. Except in south, hardly any conversions from coconut to copra takes place in other coconut growing states of India. Only about less than 10 percent of total production in India is used for manufacturing coconut based products and by-products.

Following the same trend of coconut production in India, copra production increased steadily from year to year till 2012-13 and then recorded a slight decline. Total copra production during 2014-15 was 1.072 million ton out of which milling copra production was 0.836 million ton (Table -1).

Table - 1: Trend of copra production in India

Years	Milling copra (million ton)	Ball copra (million ton)	Total copra (million ton)	Y to Y % increase
2010-11	0.809	0.166	0.975	
2011-12	0.940	0.294	1.234	26.56
2012-13	0.973	0.316	1.289	4.46
2013-14	0.900	0.265	1.165	-9.62
2014-15	0.836	0.236	1.072	-7.98

In India milling copra is produced only in six traditional coconut producing states in south India. Maximum copra is produced in Tamil Nadu (440 K tons) followed by Kerala (317 K tons). Together they produce over 90 percent of total copra produced in India (Table - 2).

Table - 2: State wise production of milling copra in India (2015-16) in '000 tons

Year	Kerala	Karnataka	Tamil Nadu	Andhra Pradesh	Andaman and Nicobar Islands and Lakshadweep Island	Total
2014-15	317	57	440	11	11	836
% of Total	37.91	6.81	52.63	1.32	1.32	100.00

About 86 % of the total copra is produced by three countries. The Philippines produces about 36 percent, followed by Indonesia about 28 percent and India about 22 percent (2014-APCC).

In India, market price of copra mostly depend on price of coconut oil and often experiences very high fluctuation. During 2012 to 2016, the annual fluctuation in average market price ranged between (-) 28.31 % to (+) 70.19 % (Table-3).

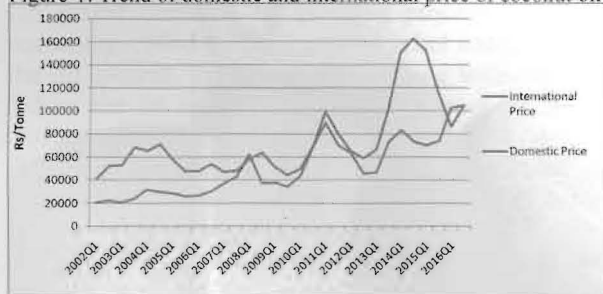
Table- 3: Trend of copra price in India

Year	AMP(Rs / Qtl)	Fluctuation in AMP	MSP(Rs / Qtl)	Variation in AMP & MSP
2012	4332		5100	-15.05%
2013	5365	23.84	5250	2.19%
2014	9131	70.19	5250	73.92%
2015	8408	-7.91	5550	51.49%
2016	6027	-28.31	5950	1.29%

AMP: Average market price. MSP: Minimum support price

To minimize the fluctuation in copra price, Government of India has introduced a price support system. Based on the suggestions of Coconut Development Board, Commission for Agricultural Costs and Prices (CACP) recommends to government minimum support price

Figure-1: Trend of domestic and international price of coconut oil



Source: 1. www.indexmundi.com for International Price 2. Mathrubumi epaper(Kozhikode edition) for Domestic Price. Note: 1.Coconut oil(Philippines/Indonesia), bulk, c.i.f. Rotterdam 2.Domestic price at Kozhikode(Kerala)

(MSP) for copra. On receiving approval, Ministry of Agriculture announces MSP for copra at the beginning of the year. If and when market price of copra falls below MSP, National Agriculture Cooperative Federation (Nafed) intervenes in the market and start procuring copra at MSP through state cooperatives. Such market intervention is usually low volume due to fund limitation and succeeds when level of price fall is minimum. It was felt that a remunerative price on sustainable basis could be ensured only if added emphasis could be given on product diversification in coconut processing sector. During the last five years export of copra ranged between 17619 tons to 6749 tons per annum which was only 1.43 % to 0.55 % of the total copra produced in India.

Production of coconut oil and trade

There are two processing routes for extraction of coconut oil. One is drying process through the copra route and other is wet processing through coconut milk route

Out of the total coconut oil produced in the country, about 50 percent is consumed as edible oil, about 35 percent is used for toiletry and soap sector, 8 percent is used in various industrial applications and the remaining 7 percent is exported.

The price of all coconut products including raw coconuts is determined by the ruling price of coconut oil supply and demand of coconut oil and its derivatives which determine the growth and sustainability of coconut industry in India. The situation is similar in almost all the coconut growing countries of the world. Coconut oil economy dominates the coconut situation of the country. In India primary processing of coconut into copra and milling of oil are dominated by small units which do not enjoy the economies of scale and therefore, are not globally competitive.

Estimated production of coconut oil in the country was 5, 46,000 MT (2015-16). The total global production of coconut oil was 34, 24,467 MT in 2014. Philippines was the largest producer of coconut oil with a share of about 45.77 per cent, followed by Indonesia (about 28.94 per cent) and India (about 13 per cent) in 2014. These three countries contribute about 87.73 per cent of the global coconut oil production. Total global production of coconut oil increased by about 2, 24,685 MT. India's share in global production almost remained constant at about 13 percent in 2014. The total global export of coconut oil was 21, 90,911 MT in 2013-14. The Philippines was the largest exporter of coconut oil in the world with a share of 41 per cent followed by Indonesia (35 per cent) in 2013-14. The combined share of Philippines and Indonesia was about 76 per cent in the total global export of coconut oil in 2013-14. EU is the biggest importer of coconut oil with a share of 45 per cent followed by USA (28 per cent) in 2013-14.

Indian coconut oil has an unbeatable quality advantage in the export market. The average price of coconut oil during third quarter of 2016 in the international market was recorded at US\$ 1551 per tonne (approximately Rs. 104589 per tonne) while the domestic price for the same period was at Rs. 104290/- per ton (US\$ 1546 per tonne).

Irrespective of the price of Indian coconut oil, the ethnic Indian population of abroad prefers coconut oil origin. India mostly consumes what it produces. Only about two percent of total coconut oil production is exported from India. During 2015-16 domestic & international price was almost at par and there was increase in export. Till June 2013 export of coconut oil was permitted only in consumer pack of 5 Kg. After withdrawal of this restriction, export of coconut oil picked up since 2014-15 (Table-4).

Table-4: Trend of coconut oil production and export from India

Years	CNO export '000 tons	Total CNO Production '000 tons	% export of total production
2011-12	6.52	588	1.11
2012-13	6.83	608	1.12
2013-14	7.07	563	1.26
2014-15	6.94	523	1.33
2015-16	8.55	546	1.57

Various edible oils are substitutable and link the price of coconut oil to price of other vegetable oils especially to that of palm oil. Palm oil is the closest and the cheapest substitute of coconut oil as far as industrial and culinary purposes are concerned and it is also the largest imported edible oil. Coconut oil commands a premium of around 16 percent over palm oil given its superior dietary value, aroma and customary taste preference for coconut oil in the country. However, palm oil has a price advantage over coconut oil, especially for price sensitive consumers, which exerts a downward pressure on the prices of coconut oil.

The domestic demand for coconut oil in India is influenced by its use as edible oil. During last two decades demand for edible coconut oil registered a slow decline owing to adverse propaganda on the consumption of coconut oil branding it as 'not health friendly'. To disprove the hostile branding, studies on the health benefits and nutraceutical aspects of coconut oil was conducted though sponsored research projects by Coconut Development Board. Coconut Development Board has already sponsored many research projects to reputed research institutes in the field and also take up awareness programmes on health benefits of coconut oil. As a result of the sustained campaign by Coconut Development Board, use of coconut oil as edible oil in India has improved from about 34 percent a decade ago

to about 38 percent of total coconut oil production in the country during 2014.

Virgin Coconut Oil (VCO) is a wonder oil having high value use in nutraceutical and in cosmetic sector. There are many reports of its anti microbiological properties and VCO is being used as health support against quite a few important diseases like Alzheimer's, insulin disorders, autism etc. In India there are about 40 units of VCO at micro industry level and many of them are operating at low level of their installed capacity. Size of scale is the major problem which restricts them to continuously produce, attractively pack and aggressively market their products in spite of having an assured domestic demand. Total estimated production of VCO in India during 2013-14 was 3,800 tonnes and average whole sale price was Rs 300 per Kg. Estimated export during 2015 was 818.15 tonnes. From India, VCO was exported mainly to countries like USA, Britain, Japan, Australia and UAE.

India has emerged as the number one coconut producing country in the world with a considerably high productivity. India is yet to become a prominent export earner in coconut sector. Possibly due to good domestic demand and an assured market, serious attempt for export was not made so far. Export of coconut oil from India during April-November 2016 was valued at Rs.318.56 Crore which is about 22% of the total exports of coconut products from India. India has become world leader in coconut production and is expected to experience substantial improvement in production and trade of coconut oil and other value added products within few years. ■

