



Indian coconut exports scaling new heights

● **K.S. Sebastian**, Assistant Director (Export Promotion), CDB, Kochi-11

India stands first in production of coconuts in the global market. Indian's production rate is about 22,000 million coconuts per annum which accounts to about 30% of the total world's production of coconuts. However India's contribution to the world export is worth US\$ 453 million which hardly reach a two digit percentage of world

export. Philippines, the third largest producer of coconut in the world is exporting coconut products worth US\$ 1518 million, which contributes to about 34% of the world export of coconut products. The second largest producer of coconut viz. Indonesia is exporting US\$ 1030 million which is equivalent to 23% of the total export of coconut products. The other two

coconut exporting countries are Sri Lanka and Thailand. The total production of coconut in Srilanka is only one eighth of India's production

Global Coconut Export Scenario

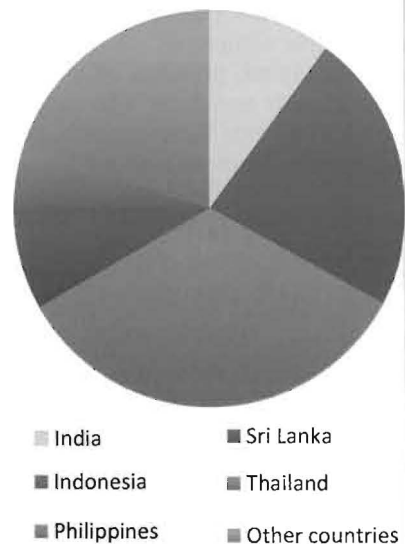


Table-1: Global Coconut Export Scenario (2013)

Country	Area ('000 ha)	% Share	Production (million nuts)	% share	Export (million US\$)	% share
India*	2140	17.15	21665	30.48	453	10.07
Indonesia	3787	30.34	16463	23.16	1030	22.89
Philippines	3550	28.44	15353	21.60	1518	33.73
Sri Lanka	395	3.16	2513	3.54	372	8.27
Thailand	209	1.67	838	1.18	225	5.00
Other countries	2402	19.24	14248	20.04	902	20.04
World	12483	100.00	71080	100.00	4500	100.00

*2014-15

Table
Pr
Co
Co
Co
Co
To

and
one
exp
372
resp
I
in th
com
to th
perf
exp
was
proc
got
and
like
cop
dom
paid

Table-2: Value of export from India (April 2014- March 2015)

Product Groups	Value in Rs. lakhs	% share
Coir & Coir Products	163033.77	55.40
Coconut shell and shell products	61297.02	20.83
Coconut kernel products	69460.56	23.60
Coconut Water products	472.96	0.16
Total	294264.31	100.00

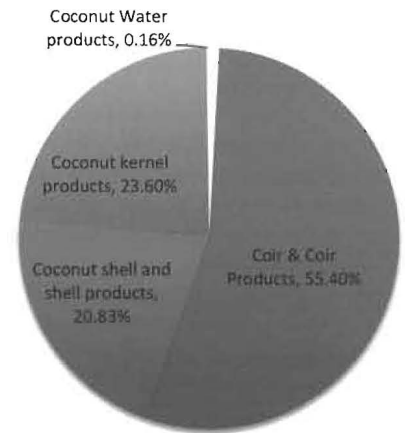
and Thailand's production is only one twenty fifth, whereas they export coconut products worth US\$ 372 million and US\$ 225 million respectively.

It is true that India's contribution in the coconut export sector does not commensurate to its contribution to the production sector. The poor performance of India in coconut export sector till the recent past was not the fault of the coconut processing sector. Since India has got a very big domestic market and traditional coconut products like coconut oil, dry coconut, ball copra etc. having huge demand domestically, the industry had not paid much attention to value addition

activities. As fresh coconut is also largely used for culinary purposes in southern states, the major coconut areas in the country, its domestic price is always higher than the domestic price of all major coconut growing countries, wherein a lion's share of the produce is utilised for making value added products.

Except coir and coir products, the export contribution of coconut sector was very meagre till recently. However due to the after effects of globalisation, the wide gap which existed in the domestic price and international price of coconut products narrowed down. This has paved the path of Indian coconut sector to the International trade

Export from India for the period from April 2014- March 2015



arena. It is true that India is a late entrant to the international trade excepting a few traditional products viz. coir, coconut oil, dry coconut etc. A decade ago, the export of coconut products from India baring coir, is too insignificant to account for. Now the situation is slowly changing. India occupies the third position in export of coconut products globally. The real contributors of this commendable achievement are Coir and coconut shell products, which are believed to be products of insignificant commercial value for coconut farmers.

Coir leads the role

From table-3 it could be seen that coir and coir products contributes more towards the export of 2014-15. India is the largest exporter of coir and coir products for years together. However Sri Lanka and China are also playing dominant role in the coir export sector. Though coir and coir products are the major products for export, its growth is likely to slow down owing to multiple issues like inefficient procurement of coconut husk, quality deterioration of husk due to mite attacks, stringent pollution control measures, labour shortage etc. Currently only a very small portion of the husk is used for coir production due to difficulty in



aggregation of husk from fragmented coconut holdings scattered across the coconut growing states. It is believed that Farmer Producer Organisations (FPOs) in coconut sector can play a very vital role in the aggregation of husk and defibring activities. If coconut is aggregated along with the husk in the processing centres being set up by the FPOs, husk aggregation and commencement of defibring activities would be comparatively easy. Such an arrangement is the need of the hour, and without which further growth in coir export cannot be ensured.

Cash in Shells

Coconut shell based products earned Rs. 61297 lakhs through exports, which constitutes about 21% of the total coconut products exported from India during 2014-15. The major coconut shell products exported from India are Activated Carbon, Shell Charcoal, Bird's feeder, Bird's Nest, Ice Cream Cups and Handicrafts. Among coconut shell based products, activated carbon is the major product, which alone fetched an amount of Rs,55780 lakhs through export. Activated carbon is a promising product and it shows consistent growth in export since the last few years. US and Europe are the main markets of Indian Activated Carbon. It is expected that during the current year (2015-16) export of Activated Carbon will register a two digit growth. Export of Activated carbon during

Item	Q	V
Coir fibre	219103.00	41923.34
Coir yarn	4070.00	3000.89
Handloom mat	25354.00	23946.91
Powerloom mat	161.00	225.25
Tufted mat	41284.00	39725.96
Handloom mattings	1667.00	1835.28
Powerloom matting	28.00	43.93
Geo textiles	4236.00	3270.28
Coir rugs and carpet	135.00	146.10
Coir rope	614.00	391.92
Curled coir	12621.00	3732.00
Rubberized coir	897.00	1410.88
Coir pith	316425.00	43295.24
Coir other sorts	71.00	85.79
Total	626666.00	163033.77

Q= Quantity in M Tonnes, V= Value in Rs. Lakhs

the year 2014-15 was to the tune of 54,345MT, which has got the potential to grow to the level of 1,00,000MT per annum within a couple of years.

In the newly announced Foreign Trade Policy (FTP-2015-20), under the scheme, Merchandise Exports from India Scheme (MEIS), Activated Carbon is eligible for an export incentive of 2% of FOB value. Coconut Shell Charcoal is the raw material for Activated Carbon, which is eligible for 5% export incentive, which may work against the efforts of value addition activities in this sector. A product which is hitherto have no export incentive is

placed in the higher export incentive category, and keeping its value added product viz. Activated Carbon in lower export incentive category prima facie will create an anomalous situation. If this type of inverted incentive structure is removed and the product is properly incentivised Activated Carbon sector could easily achieve the export target of 1,00,000 MT very shortly.

Since shell charcoal export has been incentivising, export in the coming years would be improved considerably. However India has got sufficient infrastructure for providing value addition to shell charcoal, it seems that unbridled export may cause harm to the Activated Carbon Industry.

Though bird's nest, bird's feeder ice cream cups etc are products having reasonably good export scope, its growth has been limited. However these products are fetching very good price in the international market, hence its propagation is to be continued. Making these products for export purpose appears to be a viable proposition for the FPOs

Item	Q	V
Activated Carbon	54345.07	55780.19
Coconut Shell Charcoal	15030.90	4487.66
Oval shells		828.13
Coconut Hukkah		144.61
Coconut Shell Powder		56.43
Total		61297.02

Q= Quantity in M Tonnes, V= Value in Rs. Lakhs

being engaged in primary processing activities especially copra making.

Coconut Kernel Products.

Since the domestic price of coconut is quite high, many of the kernel based products produced in India may not be price competitive in the international markets. This price difference is more apparent in the case of traditional products like coconut oil, copra, dry coconut etc. Despite this, Indian coconut products could make inroad in countries where Indian ethnic population is significant. Details of coconut kernel based products exported from India during the year 2014-15 are given in Table-5.

Though volume of export of traditional coconut products are almost stagnant for the last few years, products like Virgin Coconut Oil, Desiccated Coconut Powder, Coconut Cream/Milk has got immense export potential. However these industries in India are still at infancy, and hence may not be able to fully utilise this opportunity. Desiccated industry in India is grown up, but because of huge domestic market, the industry is paying scant attention to export markets. India could capture a sizeable share in the international market, if processors are willing to take efforts to improve the quality of their products to international standards. The product is having very huge domestic demand and the domestic market is not very sensitive on quality. As a result the Indian Desiccated Coconut Powder industry is yet to gain the confidence of entering the US and European markets in a big way. Despite the fact that the domestic price of Desiccated Coconut is higher than international price, Sri Lanka is exporting a total quantity of 40,000MT to USA and Europe, which is more than 14 times the Desiccated power export of India. If Indian Desiccated Coconut powder Industry is geared up to adopt the international quality

Table-5: Export of coconut kernel products from India (April 2014 - March 2015)

Item	Q	V
Dry Coconut	14895.63	19403.24
Coconut Oil	6935.53	14707.93
Virgin Coconut Oil	789.40	2464.11
Copra	7689.42	8594.46
Desiccated Coconut Powder	2868.11	4242.29
Coconut (Other)		13584.45
Misc. Kernel Products		6464.07
Total		69460.56

Q= Quantity in M Tonnes, V= Value in Rs. Lakhs

standards, India could very much export 50,000MT Desiccated Coconut Powder per annum. Almost all the major Desiccated Coconut Powder producing countries like Philippines, Indonesia, Sri Lanka etc. are importing machinery from India for setting up their state of the art processing facilities. Indian Desiccated Coconut Powder industry has however not taken up any worthwhile effort to improve their quality to international standards.

Though India is having state of the art technology for having coconut kernel based products, established industrial houses in the country are not keen to come to this sectors despite the offer of support from various government agencies. FPOs can take this as a challenge and venture into this sector so as to seize the opportunity which is heavily unutilised or underutilised.

Neera and Neera Products

It is expected that Neera and neera products have very good export potential. Since it is natural and health friendly, the health conscious people across the globe would accept this product. Currently lot of enquiries are pouring in and it is expected that during the second half of the financial year 2015-16, neera and neera products will start its journey to the overseas markets. Considering the low glycaemic index property of coconut sugar,

this product may become the most sought after product in international trade within a short time.

Without much difficulty India has been able to occupy the third position in coconut exports, globally. But however in order to reach greater heights it requires the determination and hard work of everyone associated with the field.

Only if we are able to bring a significant increase in the export of products such as Desiccated Coconut Powder, Virgin Coconut Oil, Neera Sugar and other Neera Products and Activated Carbon, India can improve its third position. In order to increase the export of these products more entrepreneurs are to be attracted to this sector, besides supporting existing processing units to increase capacity and upgrade quality standards. Financial support alone may not be enough to make the expected change in this sector. A technical support system should also be in place to support the prospective entrepreneurs evincing interest in this sector. The disinclination shown by the large industry houses of the country in coconut sector need not be considered as bane, but it is boon to FPO, who are not grown enough to compete with the corporates. Seizing these opportunities FPOs should enter into the field and government agencies responsible for development of this sector should help the FPOs financially and technically. ■