



Prospects of coconut oil exports

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Coconut oil has dual usage – as an edible cooking medium and also for external applications on hair and body. In Kerala it is very widely used as a cooking medium whereas in the other parts of the country it is generally used for external applications. Coconut oil is used as cooking oil by the ethnic Indian Malayalee community in the GCC. It is used as a hair oil as well as body moisturizer by people from the subcontinent. The hair oil category is a larger segment compared to the cooking oil segment in GCC. The contribution of coconut oil to overall edible cooking oil category is not very large. It presents an opportunity that needs to be explored.

In order to substantially enhance the consumption of coconut oil which possesses manifold properties, it is imperative to create awareness among GCC consumers about its nature and attributes. It

could be done by way of government actions/CDB initiatives and Ministry of Health programs supported with individual company initiatives. The myth that coconut oil is unhealthy and high in cholesterol needs to be erased from the minds of consumers.

The popularity of coconut oil, especially virgin coconut oil, is growing among consumers in all the continents due to its myriad properties. Largely made up of medium chain fatty acids, it is considered to be healthy and possessing antimicrobial and immunity enhancing properties. Once it enters the human metabolic system the constituents of the coconut oil breaks down easily which virtually eliminates the possibility of transfat formation and its subsequent accumulation in the human body.

The interest in coconut oil began to grow when reports started coming on the ameliorating effect on

people suffering from Alzheimer's disease. The ketones produced by the medium chain triglycerides in coconut oil are found to impact on suffering patients in a positive and beneficial manner. Research work in this area is progressing in full swing and we can hope that very soon the outcome will come to the aid of patients.

Apart from India, Sri Lanka, Indonesia, Philippines and some countries of the Pacific Islands are engaged in the export of coconut oil. Major importers of coconut oil are USA, Netherlands, Germany, Egypt, France, Belgium, Russia and GCC countries. While coconut oil exported to GCC countries mostly go for edible consumption, people from other parts of the world use it mostly as personal care product. Added to this, the use of virgin oil as a health-giving product is slowly increasing.

KLF Nirmal Industries (P) LTD , a Kerala based group ventured into export of coconut oil from a humble beginning in the financial year 2002-03 clocking a turnover of INR 0.90 million which has increased manifold to INR 305 million during FY 2014-15.

Earlier various export incentive schemes were made available to Indian exporters of coconut oil such as DEPB/Duty Draw Back and VKGUY to the tune of 5% of FOB value of export. While DEPB was withdrawn in 2013, VKGUY was withdrawn in April 2015. As such, export of coconut oil is now eligible only for duty draw back @ 1% of FOB value which is quite negligible. Withdrawal of DEPB and especially VKGUY has been a setback for Indian exporters which makes the export not so rewarding. Indian exporters are facing stiff competition from exporters from other countries like Philippines, Indonesia, Sri Lanka and Pacific



Islands on price front even though the quality of Indian coconut oils is far superior to what is obtained from most of the other countries. As already mentioned, the usage of coconut oil is increasing steadily worldwide. It is an opportunity we cannot shut our eyes since India is capable of producing good quality coconut oil. We need to exploit the situation and make the best use of the opportunity.

In India, coconut cultivation

is done in an organized way in as much as the plants are watered and manure is applied periodically whereas in other countries no such care is given. Considering the cost of cultivation and the labour required to be put in, Indian farmers need to get remunerative price for their produce. At present, a farmer gets Rs. 10/- per nut and coconut oil price is ruling at Rs. 115 to 120 per Kg. These price levels are ideal for farmers as well as coconut oil industry and are affordable for the consumers as well.

Adequate amount of research work has not been done about the physical changes that happen when coconut oil is stored under different ambient temperatures. One issue that crops up frequently is the white granules that are seen in coconut oil when it is stored in colder environments. Though these granules liquify at a temperature above 40°C, consumers often misunderstand this as some kind

of adulteration. It is necessary for nodal agencies to study the matter in depth and clarify any doubts whatsoever by way of publishing authentic documents.

Despite stiff competition from other countries, Indian exporters are earning precious foreign currency from the export of coconut oil and other products produced from coconut such as coconut milk powder, coconut sugar, virgin coconut oil etc. High value addition

is happening in the case of all these products and the country stands to gain from the exports of such products. At present, except duty drawback, no other export incentives are made available to the exporters of aforesaid value added coconut products. It is the need of the hour to make available these incentives to export of above mentioned value added products as well.

It is high time to think seriously about saving coconut oil industry from decline. Apart from reinstating export incentives like DEPB & VKGUY (which stand withdrawn at present) will ensure added inflow of foreign exchange by achieving more and more export volume, the exporters also need to be supported by the Government of India in the form of making available well equipped labs to test the quality of oil so that quality issues faced by the industry are redressed and remedial measures taken to maintain the quality parameters within the permissible levels. Adequate measures need to be initiated to redress the grievances of coconut farmers so that the coconut oil export achieves increased volume.

Coconut oil has multifarious uses – as hair oil and baby massage oil, for dressing salads, as an energy booster etc. Effective co-ordination with the respective foreign government bodies is to be created to promote the goodness of this wonder oil paving way to placements in clinics, retail pharmacies and pediatric centers.

In soft drink industry tender coconut water, a natural produce, can be a good and healthy substitute for carbonated fizzy drinks. A deodorized variant of coconut oil retaining all the other attributes could also open an area of opportunity for coconut oil. Conducting CDB sponsored Indian coconut promotion week in major GCC countries has its own merit. We can also look at live kitchens preparing various coconut recipes with a view to enhance the use of coconut products. ■