

Reaching out to the consumer with innovative marketing strategies

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The successful development of any agricultural crop is dependent on the market price and position it sustains in the market. A sustainable remunerative price is the only incentive which will encourage the farmer to manage his crop well leading to higher levels of production and productivity. Ultimately it is the returns that matter. Looking from such an angle, the year 2012-13 was a really bad year for coconut and its products. The price crash that occurred at the fag end of 2011 continued with only a minor increase during December which provided an interim relief to the coconut farmers. Prices were as high as Rs.10,148 per thousand nuts in May 2011 which was a bumper year for the coconut sector. It crashed to Rs.7,965 in December 2011. The yearly average price recorded at Rs.9,069. Still adoption of alternative marketing systems and primary processing and conversion to intermediate products helped farmers gain reasonable price for their produce.

The single marketing support that provided relief to the farmers during this price crisis was the procurement under the Price Support Scheme (PSS). Government of India announces the Minimum Support Price (MSP) for selected commodities every year to protect the farmers from price fall. When prices fall below the announced MSP, the Government machinery initiates procurement of produce at the announced MSP.



When a substantial quantity of produce is removed from the market through procurement at MSP, market forces come into play and automatically market prices increase. This is the way MSP supports the farmers during price crisis.

In coconut, procurement of copra is announced since it is the intermediate product of coconut with assured shelf life. The MSP declared by Government of India for season 2012 was Rs. 5,100 per quintal for milling copra and Rs.5,350 per quintal for ball copra. A price of Rs.1,400 per quintal was also announced for dehusked

mature coconut with water so that farmers can supply coconut at this rate to processors who can convert it to copra and supply to the procurement agencies.

A major breakthrough that could be achieved during this year was that farmer collectives were recognized as procuring agencies in the state of Kerala. CDB had initiated the formation of grass root level collectives called Coconut Producer Societies (CPS) in the major coconut producing states. In this context, CDB requested the Government of Kerala to authorize CPS as the procurement agency of copra in the state which was

approved. This enabled the CPS in the state to procure coconuts from their member farmers at MSP rates, convert to copra and supply to the state level procurement agencies. This activity has manifold significance in the growth cycle of the farmer collectives. The visible advantage is that the benefits of MSP could reach the genuine coconut farmer. Apart from this, the group activities involved in the whole of the procurement process right from planning of the procurement to the supply of copra to the state agencies increased the group cohesiveness of the farmers and created an ownership feeling. The CPS were also exempted from producing certificate of Agricultural Officer since CDB assured the genuineness of the farmers.

This recognition from the government instilled a sense of enthusiasm in the coconut farmers who were reeling under pressure owing to price fall. We saw farmer collectives join together, take copra dryers and lease and undertake copra production in the dryers on rotation basis. Thus CDB could convert the benefit of MSP to assured price for the member farmers which increased their confidence in undertaking more group activities.

The cost of cultivation of coconut had increased tremendously due to the increased cost of agricultural inputs mainly fertilizers. The announced MSP itself was inadequate to meet the production needs of the farmers. Realizing this, CDB approached different state Governments to provide an additional incentive to the farmers apart from MSP. Government of Karnataka announced an additional

incentive of Rs. 700/- per quintal for ball copra in addition to the MSP of Rs.5350/-. Government of Kerala announced an additional support of Rs.500/- per quintal of copra supplied for the procurement agencies undertaking production of copra. 54 CPS had participated in the procurement operations in the state of Kerala and supplied 725 MT of copra under PSS.

CDB suggested a higher MSP for season 2013 considering the increased input cost. The MSP for season 2013 was announced by Government of India with a slight increase over the previous year at Rs. 5250/- per quintal for milling copra and Rs. 5,500 per quintal for ball copra. The MSP for the procurement of mature de husked coconut with water was declared at Rs. 1,425 per quintal.

CDB was already implementing schemes for providing assistance for installing modern copra dryers, but most of these dryers were of smaller capacities. The need for adequate infrastructure for copra making at the producer level, that too on a community basis was realized. Farmer collectives had to take larger dryers on lease during the PSS operations. This prompted CDB to introduce a scheme for installing community based infrastructure for copra drying. The Board announced financial support under Technology Mission on Coconut (TMOC) for federations of CPS installing copra dryers of minimum 10000 nuts capacity per batch. The support was to the tune of 50% subject to a maximum of Rs. 6 lakhs. Copra driers of 10000 nuts capacity are being installed under the auspices of Federations of CPS in different districts of Kerala. This

activity can be interpreted as the first stepping stone of farmer collectives into the sector of food processing and value addition.

Under TMOC, as part of market promotion, an amount of Rs. 7 lakhs was released for brand promotion of brands of various processed products. 16 projects were approved for the establishment of tender coconut retail outlets out of which 6 were installed and subsidy released to them. Representatives from three processing units participated in exhibitions abroad and were able to establish marketing tie ups in the global market through display of their products in the event.

India, being a country which stands second in the world in population, the domestic market itself offers tremendous potential for our products. Realizing the potential of the domestic market, CDB started introducing innovative marketing strategies for establishing markets. The objective was to introduce coconut and its products to the consumers in areas where coconut is not cultivated. A multitude of processed products is possible from coconut and the first step was to introduce these products to the consumers. CDB developed a product basket of coconut products comprising of packed tender coconut water, coconut chips, coconut milk, coconut milk powder, virgin coconut oil, desiccated coconut, ball copra, vinegar, coconut oil for edible and non edible purposes, coconut ice cream etc. The JNNURM cities accommodate more than 65% of the population of India and CDB intends to target these cities in the first phase.

With an objective to introduce coconut and coconut products to the North Indian markets and establish a defined market among the consumers, CDB intends to utilize the potential of the upcoming India International Horticulture Market at Ganaur. Retail outlets in Rohtak mall in Delhi is also planned which will help in introducing coconut products to consumers.

In order to promote the consumption of tender coconut among consumers thereby enabling the farmers be assured of an enhanced income, the Board introduced schemes for financial assistance for initiation of tender coconut outlets in the country. The entrepreneur has to submit detailed project proposal to the Board regarding objectives, procurement of tender nuts, expected sales, profitability, etc along with detailed sketches of the outlet. Financial assistance is to the tune of 50% of cost of infrastructure subject to a maximum of Rs. 1.5 lakhs.

CDB had initiated a project for the collection of market intelligence in the North East which is being successfully continued. The project was initiated on a pilot basis towards attaining the Board's objective of establishing Market Intelligence on coconut and coconut products in India. The successful implementation of the project has made the road way for the establishment of Market Intelligence throughout the country. Dissemination of market information will provide the stakeholders, including farmers, processors, traders, exporters etc an awareness of the prevailing market prices which will help them in making good marketing decisions.

The efforts of CDB could make a boost in export of coconut and its products. It is estimated that the export figures for the financial year would exceed well beyond 1000 crores. Activated carbon is still the single largest product to be exported. Export of mature green coconut has registered a tremendous increase during the period. Subsequent to the continuous representations from CDB, the port restriction for export of coconut oil has been lifted and at present, export of coconut oil is permitted through all 13 EDI ports of India. Similarly the quantity restriction and packaging restriction in export of coconut oil has been removed. Export of branded oil up to 5 kg with a Minimum Export Price (MEP) tag of US \$ 1500 per tonne without quantitative limitations is permitted.

Palm oil is the major competitor of coconut oil and hence in order to promote consumption of coconut oil, CDB had suggested various measures like inclusion of coconut in the public Distribution system, distribution to Anganwadis and the noon meal programme in schools etc. The tariff value (the rate at which import duties are determined to prevent under-invoicing) of palm oil was raised from US\$ 447/tonne to US\$ 802/MT, a rise of 79.4%. The hike in tariff price would push up the price of imported palm oil and the shrinkage in price difference between coconut oil and of palm oil would definitely work in favour of coconut oil. The existing customs levy of 0% for crude palm oil was raised to 2.5% on revised tariff value.

Neera and its value added products provide potential avenues for development of the coconut

sector. CDB has made representation to the State Governments in major coconut producing states to permit Neera tapping. Neera is the non-alcoholic and nutritious drink from the immature inflorescence of coconut which can be promoted due to its potential for value addition, employment generation and better returns to the coconut farmers. Products like coconut flower syrup, jaggery and coconut palm sugar are produced from Neera. Export of Neera and its products, especially palm sugar has shown a surging trend in production and market demand as a healthy and natural product. In Philippines, projects on coconut sugar were initiated as early as 1995 and the other major coconut growing countries have stabilized their technology and packaging and have established speciality markets globally. Industries based on coconut with vast economic prospects have been established to cater to the domestic and local demands. Indonesia produces over 6 lakh MT of palm sugar in a year. Indofood purchases over 30,000 MT per year while Unilever purchases the same quantity for their sweet soy sauce product. Policy decisions in favour of Neera tapping will pave the way for a radiant rise of the sector.

The revival and sustained development of the coconut sector is dependent on the extent of product diversification and application of innovative marketing strategies to explore and establish new markets, developing already explored markets and maintain existing markets. The goal of the Board is to make available coconut and its value added products all over the country.