

# PRODUCT DIVERSIFICATION IN PLANTATION CROPS - A SWOT ANALYSIS

C.V. Sairam

## INTRODUCTION

Plantation crops occupy nearly 2.3 per cent of the gross cropped area in India. During 1996-97, out of the total exports of US \$ 7054 from agricultural commodities, the share of spices and plantation crops alone accounted for about 20 per cent (Economic Survey, 1997-98). Since independence, the area and production of these crops is on the increasing trend. However, the changes in area or production are neither uniform among the crops nor over the periods as both were very much influenced by the agro-climatic and biotic factors and these crops are prone for high degree of price risks both in domestic and international markets (George, 1997). At present, India leads the world in the production of arecanut, cashew, ginger, turmeric and tea and ranks second in the production of coconut (in terms of copra equivalent), small cardamom and black pepper. In the present era of liberalized international trade, in which the market forces play a vital role, the concept of product diversification attains major importance. The following pages explain the scope of product diversification in plantation crops by examining the Strength - Weakness - Opportunities and the Threats (SWOT).

## COCONUT

Coconut is an important small holder's plantation crop which has many end uses such as raw nuts, copra, copra meal, coconut

oil, desiccated coconut, shell charcoal etc... The forecasted annual production of coconut in India for 1998 is about 22 lakh tonnes accounting for about 26 per cent of the global coconut production. The country stands first in the world in terms of productivity which is 7779 nuts/ha. Out of the total production, about 51 % is used as matured nuts for the household culinary purposes, 6.0 % as edible copra, 36.5 % as milling copra, 1.5 % as desiccated copra and 5 % for tender nut purposes. India is the largest producer and exporter of coir products and the industry is regaining its past glory. Coir fibre, coir yarn, coir mats, coir rugs and carpets, coir rope, curled coir, rubberized coir, coir geotextiles, coir pith are the some of the major coir products which are being exported from India. Except for copra making and oil making and desiccated coconut, at present there is no major industry in the country on coconut products. Hence the present level of exports is very meager in case of coconut based products. Moreover, the cost of production of copra and coconut oil in India is higher as compared to the international level. The ratio of domestic and world prices would indicate the degree of export competitiveness of a commodity. This ratio for coconut oil is 2.99 and hence India is in disadvantageous position in the international trade of coconut oil. Countries like Philippines, Indonesia and Sri Lanka in which excellent processing facilities are

available and where the cost of production of copra and oil are comparatively low, are the leading exporters of not only that of oil

but also other processed items of coconut like Nata de coco, coconut shell, coconut cream etc...

Particulars	Strength	Weakness	Opportunities	Threats
Area	-	Predominance of small/marginal farms	Scope for expansion	-
Production	-	-	Adoption of production technology	-
Productivity	Highest	Predominance of local varieties	-	Diseases
Cost of production	-	High as compared to international level	Competitiveness through higher productivity	-
Consumption pattern	Vast domestic market	56 per cent consumed as raw nut	Growing urban markets	-
Marketing	-	Co-operatives often non-viable Predominance of middle men	-	High degree of price risk
Processing	Vast production	Mostly diverted for oil production. Less attention to other coconut producing States like TN, AP and Karnataka	Product diversification in States other than Kerala	-
International Trade	Production	Established countries	Liberalized Trade/Technology perfection	High cost of production/price instability

## ARECANUT

India is the largest producer of arecanut in the world. During 1995-96, the country produced 0.27 million tonnes of arecanut from an area of 0.23 million ha and the average productivity was about 1156 kg/ha. In spite of the Government policies which discourage area expansion, attractive prices prevailing during the past few years is mainly responsible for the annual increase of about two percent in area. Between 1983-84 to

1994-95, the Compound Growth Rate values (%) for area, production and productivity were 2.36, 2.87 and 0.56 respectively. Although at present there is no scope for exporting arecanut products, in future it could be possible to produce some of the value added products like arecanut husk fibre, leaf based products, areca tannins etc., on a commercial scale and export the same in international markets.

Particulars	Strength	Weakness	Opportunities	Threats
Area	-	Predominance of small/marginal farms	-	-
Production	-	-	Adoption of production technology	-
Productivity	-	Predominance of local varieties	-	Diseases like Mahali
Cost of production	-	-	Competitiveness through higher productivity	-
Consumption pattern	Vast domestic market	-	Growing urban markets	Proposed ban on its products
Marketing	Co-operatives are viable	Middle men also play a major role	-	-
	Better price stability	Lack of knowledge of marketing channel	-	-
Processing	Vast production	Not much scope at present	Product diversification in textile industry	-
International Trade	Production	-	Liberalized Trade/ Vast market in Gulf countries	-

## COCOA

Cocoa is one of the major beverage crop of the world cultivated in Africa, Latin America and Asia. Cote-D-Ivoire is the largest producer of cocoa in the world and the global cocoa production had marginally decreased from 24.1 lakh tons during 1989-90 to 23.9 lakh tons during 1994-95. India is one among the Asian countries cultivating cocoa on a small scale with an annual production of 6760 t. The crop is mainly grown as a mixed crop in arecanut and coconut gardens of Kerala and Karnataka.

The area under cocoa in India had decreased from 22720 ha during 1983-84 to

11230 ha during 1993-94 (by -50.6 %), however during the same period production has increased from 5700 t to 6760 t (by 18.6 %). The productivity which was only 251 kg/ha during 1983-84 had increased to 602 kg/ha during 1993-94 (by 139.8 %). It is estimated that during 2000 AD the domestic demand for cocoa beans in the country would be about 12,000 t. Given the incentive price to the Indian grower there are prospects for increasing the indigenous production for meeting the domestic demand. However at present, the crop does not have scope for international trade as the country is in disadvantageous position in terms of cost of production as compared to other countries

like Cote-D-Ivoire, Ghana, Brazil, Ecuador, Indonesia and Malaysia. Hence careful import policies may be designed for cocoa

since the domestic demand has been increasing slowly, liberal imports would lead to severe price crash.

Particulars	Strength	Weakness	Opportunities	Threats
Area	Economies of Scale of production	Often grown as mixed crop	Inter-linked with the area expansion of coconut & arecanut	Decreasing trend
Production	-	-	Adoption of production technology	-
Productivity	-	Predominance of local varieties	-	Diseases like Black pod & rodents like squirrel
Cost of production	-	High as compared to international level	Competitiveness through higher productivity	-
Consumption pattern	-	Unable to meet domestic demand	Growing urban markets	-
Marketing	Co-operatives are viable	Monopoly purchase	-	High degree of price instability
Processing	Less production	-	Product diversification in beverage/ confectioneries	Liberalized trade
International Trade	-	Production unable to meet domestic demand	-	-

## CASHEW

India is the largest producer of cashewnut in the world. The annual production of cashew in the country is about 3.8 lakh tonnes from an area of about 5.96 lakh ha. However, the average productivity of cashew in the country (698 kg/ha) is one of the lowest in the world. There are more than 670 cashew processing factories in the country with a processing capacity of 5.5 to 6.0 lakh tonnes of raw nuts annually. The domestic production is sustaining these

industries only to the extent of 50 per cent of their full capacity. Hence, to meet the domestic demand, India imports raw nuts from other countries. Based on the present trends of area expansion, it is expected that by the turn of the century, the area under cashew will be about seven lakh ha with a targeted production of around seven lakh tonnes. Even with the current level of domestic consumption of 50 per cent, India would contribute about 70 per cent of the world market.

Particulars	Strength	Weakness	Opportunities	Threats
Area	-	Predominance of small/ marginal farms Neglected gardens	Scope for expansion	-
Production	-	-	Adoption of production technology	Pests like Neem Mosquito bug
Productivity	-	Predominance of seed propagation	Scope for increase through vegetative propagation	-
Cost of production	-	Very low due to non adoption of technology	Competitiveness through higher productivity	-
Consumption pattern	-	50 per cent consumed in domestic market	-	-
Processing	Established factories Abundance of labour	Less production Lack of quality consciousness	New methods	-
International Trade	-	Established countries	Liberalized Trade/ Technology perfection	-

## ESTATE CROPS

Tea, coffee and rubber are the three major estate crops. India is the largest producer of tea in the world. The country ranks fifth and tenth respectively in global rubber and coffee production. The annual export from these crops is worth about Rs.14000 million. The scope for product diversification is much limited as compared to that of small-holder's plantation crops. However, in case of rubber processing factories, it is observed that the capacity utilization is less than 50 per cent.

## SPICES

Pepper, cardamom, turmeric, chillies are the major spices cultivated in India. The country leads the world in the production of black pepper (0.053 million tonnes from an

area of 0.195 million ha). These spices are also utilized by industrial units for the production of Oleoresins, masala products, oil extraction, confectioneries and bakeries.

## CONCLUSION

The scope for product diversification is more in case of small holder's plantation crops and spices. A sustained growth in production and productivity coupled with technology perfection would equip the country to face the challenges both in the domestic and international markets.

## REFERENCES

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