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PRODUCTION, MARKETING AND EXPORT POTENTIAL OF ARECANUT IN INDIA

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ABSTRACT

The conventional, commercial and economic importance of Arecanut in the Asian context is well known. The present paper discusses the problems in production, marketing and export potential of Arecanut in India.

Arecanut is a location specific crop of the total production of about 2,50,000 MTs 90% is accounted for by the states of Karnataka, Assam and Kerala. The minor producing states are Meghalaya, Goa, Diu and Daman, Mizoram, Tripura Maharashtra and Andhra Pradesh. The area, production and productivity of Arecanut have increased at 0.69%, 1.25% and 0.58% respectively from 1962-63 to 1986-87. While Karnataka and Assam have contributed to significant growth along with minor producing states, the state of Kerala has registered negative growth rates in all fronts (i.e., area, production and productivity).

The per capita availability of arecanut in India is 1.58 gram per adult. Given the advantages of arecanut use, increase in real incomes, urbanisation and increase in population have contributed to demand for Arecanut. The consumption base is expanding at 6.50 millions every year demanding 4,428 MTs in addition. The Pan alas (at 1:344 population ratio) demand 47.17% of the total supply. The consumption of arecanut is growing at 3% per annum.

The Arecanut Marketing system (AMS) comprises of 76 and 22 wholesale and distribution network. The AMs is vertically, horizontally and functionally integrated. Arecanut markets are hightly competitive and are significantly integrated as a system and over sub-systems.

The export performance of Arecanut is far from satisfactory levels. Arecanut products may be developed and introduced to global markets.

INTRODUCTION

Arecanut is a commodity of conventional, commercial, and economic importance. While the conventionality is directed by societal values in the Asian context, the commerciality is ensured by the fact that is contributes about Rs. 253 crores to the GNP (at constant prices). The economic importance is testified by that about three fourth of small and marginal farmers and two thirds of medium and semi-medium are dependent an incomes from Arecanut.

The Arecanut industry has employed over 5.35 million people. Further digression reveals that men (77%) out number women (23%) on the production front and women (56%) out number men (44%) on the processing and preparation arena. In order to fulfill the needs all classes of consumers, as many as 76 whole sale and 22 distribution centres are in operation spread over the entire country. Currently, the liberalised, open and competitive environment has set us to think on the export prospects of the Arecanut. In a set up of endogeneous restrictions, the ramifications of the envisaged free market policies would be discussed in this article.

PRODUCTION

India produces about 2,50,000 MTs of arecanut in an area of 2,05,000 hectares. The average productivity is 1205 Kgs per hectare. The production is location specific.

The states of Karnataka, Assam and Kerala account for 90% of the area and production. The minor producing states are Meghalaya, Goa, Diu and Daman, Maharashtra, Tamilnadu, West Bengal, Andhra Pradesh and Tripura. These states contribute to 10% of the area production.

The area, production and productivity of arecanut is increasing at 0.69%, 1.25% and 0.58% respectively. The states of Karnataka and Assam have registered positive growth in area, production and productivity at 1.07% and 0.35%, 1.45% and 2.10% and 0.40% and 0.44% respectively. While the Kerala State has registered negative growth rates in area, production and productivity at 0.41%—0.17%, 43% and — 0.55% respectively. Meghalaya and Goa, Diu and Daman Mizoram and Tripura have registered significant positive growth rates of area, production and productivity at 0.82% and 5.23%, 2.49% and 5.76% and 8.42% and 3.96% respectively. In sum, it may be noted that while Karnataka and Assam and minor producing state of Meghalaya and others (as detailed above) have contributed significantly to the growth of production while Kerala (and Maharashtra also) have contributed to the decline.

CONSUMPTION

Although the production of arecanut is location specific, the consumption is wide spread throughout the country. It is estimated that 97.47% is the Estimated Marketable Surplus (EMS). The per capita consumption in the hinterland is estimated at 2.01 grams per eligible adult (in the age group of 15 to 49 years) while in the consumption base it is 1.58 grams per eligible adult. The conventional acceptance of the commodity as masticatory is itself the source of principal demand. Arecanut is included in the materia medica in the Asian scene because of its medicinal properties. Consumption of arecanut with betelvine and lime regularly after food by adults is stated to improve general health. Arecanut is a vermifuge, a dentifice and antibacterial. Consistent consumption of arecanut with betelvine and lime builds up diarhoeal resistance.

Further, arecanut if used in the prescribed pattern, is not carcenogenic.

The consumption base of area have expanded over years. Three main factors have contributed to it. First, is the consistent increase in the real income over years. Secondly, it is the increase in population. Thirdly, it is the process of urbanisation an offshoot of post independent India. The population of India has increased from 439.23 millions in 1961 to 843.93 million 1991. The urban population has grown at 3.70% as against rural population growth at 2.07% during 1961—91. The proportion of adult population has increased from 48.11% in 1962 to 49.57% in 1989 in India. In absolute terms, the adult population has increased from 216.55 millions in 1962 to 398.68 millions in 1989.

The domestic availability of arecanut has increased from about 1,22,000 MTs in 1962 to 2,45,000 MTs in 1989. The average per capita annual availability is 570 grams per eligible adult. The per capita daily availability works out to 1.58 grams per eligible adult.

The consumption base is expanding annually by 6.50 million adult consumers. These eligible adults create an additional demand of 4.428 MTs of arecanut in the country. The expansion of consumption base is facilitated by pan business. The one-man pan shops are estimated at 1.35 million. The panwalas consume an estimated 1,40,600 MTs of arecanut which was 47.17% of the total supply in 1991. The panwala-population ratio is 1 : 344. Further, panmasala industry has also caught up in the country in Guntur (A.P.), Coimbatore (T.N.) and in Kanpur (U.P.). The industry is estimated to consume about 9,400 MTs annually constituting 3.8% of the total supply in '91.

The consumption base is expanding at 3.00% per annual while the production is increasing at 1.25%. The over expanding consumption base since 1961 adding as many as 6.50 million adult consumers is a favourable sign from the producers' point.

MARKETING

The EMS of arecanut is marketed through, the evolved channels at wholesale and retail levels, a net work of 76 and 22 wholesale and distribution centres. The nature of the commodity, concerted efforts by the producers in preparing arecanut for the market by type unboiled, boiled coloured split and boiled coloured wholes, evolution of alternate channels of marketing at different tiers and various channels of distribution at retail levels—all have resulted in meeting needs of consumers of all classes although the year. The Arecanut Marketing System (AMS) in India is efficient in transforming location specific production into continuous and consistent consumer needs by evolving a marketing system which is vertically, horizontally and functionally integrated and institutionally co-ordinated. Although the essentiality of the commodity is directed by societal values, the availability is being fulfilled by the marketing system covering the whole gamut of cross sections of the eligible adult population dispersed over the entire country.

There is a clear demarcation of the markets of arecanut by type. Unboiled and Boiled coloured whole (BCW) nuts are being distributed through Bombay from Mangalore, Sirsi and Sagar markets. While the Boiled coloured splits (BCS) and pieces have a consistent market in Southern India—to Madras, Coimbatore, Madhurai and other parts of Tamilnadu from Shimoga, Tumkur, Bhimasamudra, Kadur and from markets in Kerala and Tamilnadu. The entire A.P. and Pondicherry receive from Shimoga, Chikkamagalur and Tumkur.

The eastern part of India, especially from Assam, raw tender arecanuts are sold. Consumers use tender arecanuts in Assam and in Meghalaya belt. Market organizations are slowly developing in eastern India. The distribution network is demarcated for arecanuts by type—raw in eastern India unboiled and B.C.S. or B.C.W. types in North, West and in Southern India.

Producers of arecanut have evolved multiple channels of marketing. The frequent/modal channel of marketing of arecanut is given below:

Producer —— PACS/Itinerant Trader —— Commission Agent (C.A.) —— Trader/Buying Co-operative —— Private wholesale trader (PWT) —— semi private wholesale trader (SPWT)/Distributing Co-operative —— Retailer —— Consumer. On an average, producers' share in consumers rupee is estimated to be 50%.

Arecanut markets are highly competitive. Terminal markets at Bombay and Bangalore are the price leaders. Arecanut markets form sub systems by type. Arecanut markets are significantly integrated. Sub-system-wise also, arecanut markets are significantly integrated.

EXPORT MARKET

After partition, with about 50% of the area under arecanut switching over to Bangladesh (erstwhile East Pakistan). India became an importer. The policies of Government of India to discourage import lead to price stability (in fact arrested price decline during 1951-53). Prices of arecanut rose continuously thereafter. The imports gradually declined from 1951-52 to 1966-67. The imports were practically nil towards the end of 1970's. Efforts of the Govt. of India to improve the cultural practices and of import discouraging policies led to increase in production. With the improvement in price situation the producers increased area under arecanut which resultantly increased production with an average time lag of about seven years.

The post 1971 war had a great impact on arecanut prices leading to a depressive disaster. Producers felt the need for development of a stable and strong marketing systems to facilitate non recurrence of such happenings. This resulted in the establishment of a Multistate Apex Co-operative (CAMPCO)—a joint endeavour of Karnataka and Kerala state Government. CAMPCO, the Apex Co-operative has established forward and backward linkages with other tier Co-operatives and has specialised in Market Intervention Operations (M.I.O.).

A global scene on the production of arecanut indicates that India contributes nearly three fourth's of the World Production.

The second biggest producer is the Bangladesh (14%) followed by Srilanka (10%) and Mayanmar (1%).

India being the World's biggest producer is also the biggest consumer. While the use of arecanut as a social necessity is restricted to South East Asian countries, the bulk of the Asian countries use pan—an arecanut product and arecanut substantially. It is here that arecanut products can set in itself for consumption. Consumers in Asian continent form a big chunk to be inducted into the use of arecanut and area products.

The rest of the World is new to the use of areca and its products. It is here that concerted efforts are needed at two stages. First, it is imperative to study alternate uses of arecanut. Further, it is direly essential to develop health promoting areca products to facilitate consumer use.

CAMPCO, the leading areca co-operative could initiate actions for areca product development. Areca product could confound in itself the ingredients of betelvine and lime. Test marketing of such a product could be adopted to ensure constant demand from eligible adult population irrespective of nationality, religious, social and sex barriers.

There is an emergent need to establish an area product industry with an installed capacity of at least 10% (i.e., 25,000 MTs in take) of the present arecanut production in the country.

CONCLUSION

Consumption base of arecanut is expanding faster than the production growth. The prime determinats of demand for arecanut are the societal value base (i.e., acceptance of arecanut as a commodity of sanctificial value), increase in real income and population.

Internal marketing system for arecanut is well knit, vertically, horizontally and functionality integrated. Institutional co-ordination at different tiers as also system and sub-system-wise significant integration are features to reckon with.

The export performance is discouraging. Development of health promoting areca products is suggested. Establishment of a processing industry with an installed capacity of 25,000 MTs annually and aggressive marketing strategies to induct the product are essential.

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