



## PROCESSING AND MARKETING OF COCONUT AND ITS PRODUCTS\*

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### INTRODUCTION

In India, coconut is regarded as one of the commercially most important crops. It is being extensively grown all along the coastal strip, as well as in the favourable inland plains of the Southern Peninsula, where the

tropical climate favours the palm to grow and yield luxuriantly. Apart from the southern states of Kerala, Karnataka, Tamil Nadu and Andhra Pradesh, where it is grown both extensively and intensively, it is also being cultivated with varying success in the other states and territories such as Maha-

rastra, Bihar, Madhya Pradesh, West Bengal, Orissa, Goa, Pondicherry, Andaman and Nicobar Islands and Lakshadweep Islands.

Owing to the multifarious uses of coconut palm, it is regarded as a valuable gift of nature to the mankind and is therefore aptly referred to as *Kalpavriksha*, the

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tree of eternal bliss. In India, the life and economic well-being of a sizeable population is closely linked with the coconut palm. In South India, the traditional abode of coconut palm, the coconuts are so much inevitable in the daily life that no function, whether auspicious or in-auspicious, goes without it. It is not an exaggeration to remark that the culture of South India is, in essence, the culture of coconut itself. In other parts of the country too, the coconut palm and coconuts are viewed with great reverence and sanctity. The coconut and its products are being used by one and all, all across the country, irrespective of region, language or religion.

Practically the coconut palm can be put to innumerable uses. The tender coconuts, mature nuts, copra, oil, coir, fronds, trunk, roots and various other parts find various uses in our day to day life, apart from a score of industrial uses.

#### PRESENT STATUS OF COCONUT INDUSTRY IN INDIA

India is one of the largest coconut producing countries in the world, with an estimated area of 1.192 million hectares and an annual production of 6887 million nuts (1984-85). With these statistics, India stands third in area (share: 12%) and production (share: 18%) in the entire world, next only to the Philippines and Indonesia.

#### DEMAND CHARACTERISTICS OF COCONUT AND ITS PRODUCTS

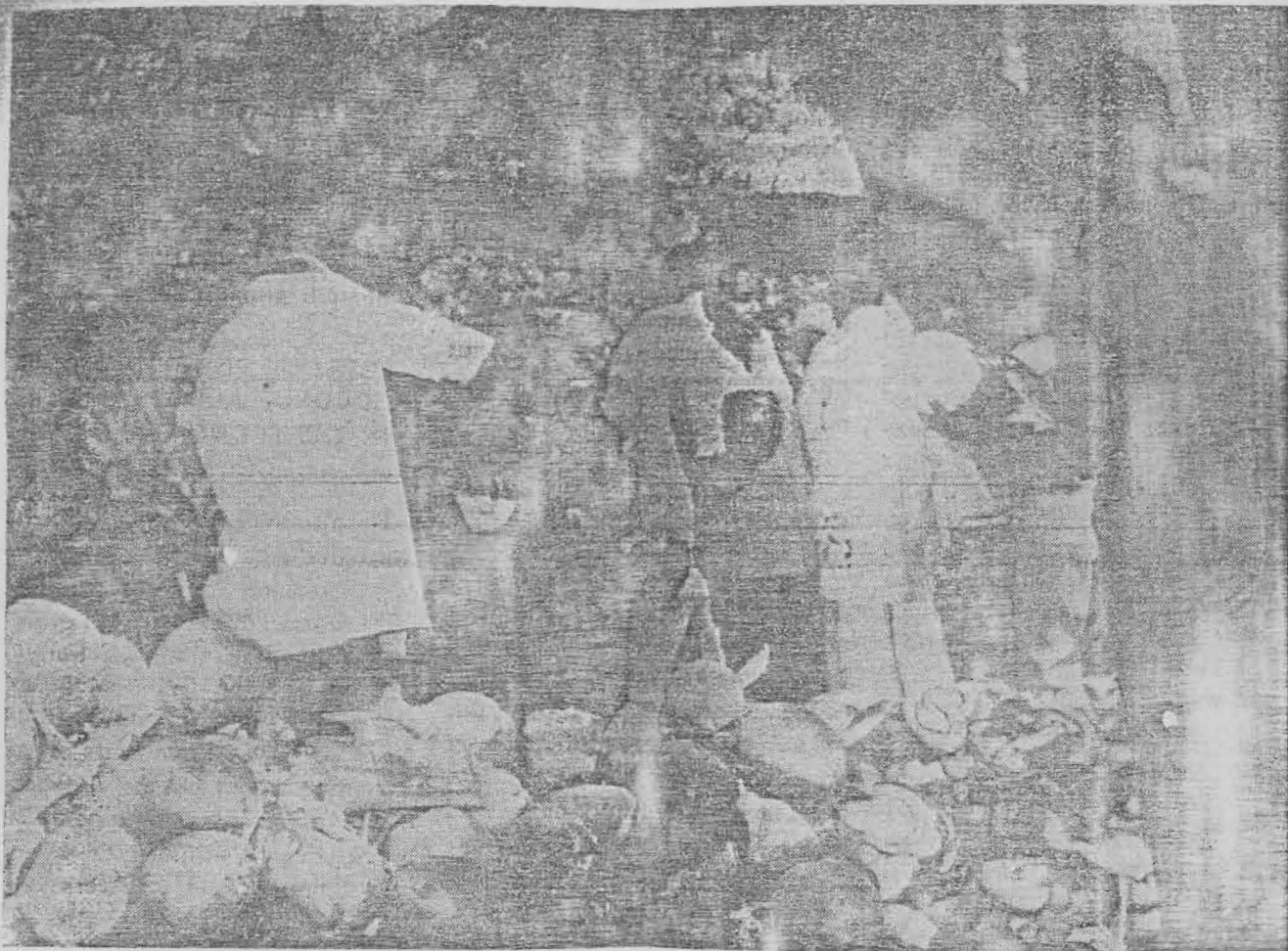
The coconut, its products and by-products form a country-wide demand. Fresh nuts are in great demand all over India, in day to day life, for various culinary and other uses. The trade of tender coconuts has attained mammoth proportions nowadays, in many towns and cities. About 200 million nuts are estimated to be consumed at tender nut stage for drinking purposes. In Bangalore city alone, it is estimated that over 30 million tender coconuts are consumed annually. Nowadays, tender coconut water is being increasingly regarded as a 'health drink'. Because of its popularity, the demand for tender coconuts is exhibiting a clear cut ascending trend, and there are bright indications of manifold enhancement of tender coconut trade in India. A stage may come, at which the tender nuts may even be exported afresh or after processing.

The demand for copra, coconut oil, desiccated coconut and various similar preparations is, by and large, steady although often it exhibits erratic fluctuations. The coconut oil milling, extraction of coir and manufacture of a variety of coir products are the major industries based on coconut.

In the country, nearly 60% of the total output of mature nuts is made use of for household

culinary uses, as well as for innumerable social, cultural and religious purposes. The remaining 40% is utilised for various commercial purposes.

In the recent years, both in edible and non-edible sectors, the demand for coconut oil has declined. The continued high price margin, erratic price behaviour, and short supplies, coupled with certain policy matters of the Government, have been instrumental for the erosion of demand of coconut oil. As a consequence of this, the coconut oil is slowly yielding its place to other oils in both edible and non-edible sectors. Since past 3-4 years, the demand for coconut oil is gravely threatened by other edible oils in the country; and this can purely be reasoned to the Government policy of importing of other edible oils, which are far cheaper than the coconut oil. Because of this precarious situation, the demand for coconut oil in many toiletry preparations and also for culinary purposes has surely and drastically declined. This depressing effect can also be clearly witnessed in Kerala, which is regarded as the traditional stronghold of coconut oil use. Because of high prices of coconut oil, the general public is slowly switching over to other cheaper oils. This has aroused serious concern in all the quarters of coconut trade. This trend is really



Sale of tender coconuts at road side at Bangalore

deleterious to the future prospects of coconut in the country, and therefore warrants immediate corrective measures.

The demand for edible copra and desiccated coconuts is limited in the country. In Kerala and Tamil Nadu, the copra is seldom used in culinary preparations, while, in Karnataka, a sizeable quantity of copra goes to kitchens. The desiccated coconut, a new product, finds only a limited use in certain organised food indu-

stries. By adoption of effective promotional measures, the demand for both copra and desiccated coconut can be greatly accelerated. The falling prices of coconut oil have also their ill-effect on the demand pattern of copra. As and when the price and demand of oil fall, there invariably occurs a resultant depression in the demand for copra.

The demand for coir and coir products is ever increasing. As the largest producer of coir and

coir products in the world, India has virtually monopolised the entire export market. Now, the coir export from India is directed to over 100 countries in the world.

The demand for the other coconut products and by-products such as oil cake, coconut shell, shell carbon etc., is almost steady. Since there is a good demand for certain items like activated shell carbon, with well adopted promotional activities the demand could surely be stepped up.

## PRESENT SYSTEM OF MARKETING AND PROBLEMS ENCOUNTERED

The present system of marketing of coconut and its products is, by and large, unscientific and unorganised and is almost totally lacking vertical integration.

Although coconut is made a notified commodity in most of the states, the marketing lacks systematic organisational set up. In the absence of this, the exploitation by middlemen and other functionaries is rampant. In almost all the primary markets, the prices are normally dictated by the middlemen. In addition to this, various kinds of malpractices are also commonly seen in almost all the markets.

In India, almost all the coconut growers are small or marginal holders, and these farmers are not organised. These farmers are forced to sell their produce to the middlemen because of circumstantial pressures. The private traders, who advance money to the growers, make the poor and unorganised coconut growers to fall into their clutches and exploit them in all possible ways. For instance, in Arsikere market in Karnataka, 110 coconuts are accounted for only 100 coconuts while buying from the growers. Apart from this, deductions in weight and various kinds of commissions and omissions are openly practised by these private middle functionaries.

Like the fresh coconuts, the marketing of copra is also almost wholly controlled by privateers. Here, too these private merchants take advantage of the falling price situation of coconut oil and poor economic status of the coconut growers.

Regarding the marketing of coconut oil, the leading oil millers have a systematic distribution channel for their oil, either directly or through middle agencies. The marketing of oil is not a problem as such, but the preference of other edible oils to the coconut oil, eroding demand and erratic prices of coconut oil are hurdling the smooth marketing of coconut oil.

## NEED FOR PRICE STABILIZATION FOR COCONUT AND ITS PRODUCTS

The prices of coconut and its products, particularly fresh nuts and copra, are normally governed by the prices of coconut oil in the terminal markets, which in turn are subject to heavy influence by the overall availability of other fats and oils in the country as well as their price behaviour. As a result of continuous price fluctuations, premium prices, short supplies, etc., the coconut oil is slowly losing its pre-eminence in many end-uses and consequent erosion of its traditional markets. This trend is ultimately leading the growers as well as consumers into hardships. Hence, the necessity to introduce a viable price-stabilization scheme with the basic objective of minimising price fluctuations and maintaining a stable price range for coconut oil, which would, besides being remunerative to coconut growers, facilitate the re-entry of coconut oil into its traditional markets and promote new end-use products. These objectives could be achieved by operating a carefully managed supply management scheme, with coconut oil as the base.

## RECOMMENDATIONS

In order to improve the present gloomy marketing situation and to promote the demand and sale of coconut and its products as well as to help both growers and consumers, it is imperative to think of a workable marketing system. One such attempt is made below.

## OUTLOOK FOR FUTURE OF COCONUT AND ITS SCOPE IN THE ECONOMY OF THE COUNTRY

Despite the erratic price situation, the area under coconut is fast increasing in both traditional and non-traditional coconut growing states, excluding Kerala, which has reached the stage of stagnation.—In Karnataka State alone, both by the efforts of the Government and private nurserymen, the coconut seedlings numbering over 5 million are being sold annually to growers for planting in their fields. An exploratory survey recently undertaken to assess the possibility of expansion of area under coconut in the non-traditional belts have shown that nearly 5 lakh hectares of suitable area are available for coconut cultivation. As a result of institutional financial support and other benefit oriented programmes devised by the State Government and the Coconut Development Board, there are clear indications of big leap in the area and production of coconut in the years to come. In the traditional belts of coconut too, the efforts are being made to enhance coconut productivity by resorting to proper nutrition, irrigation, plant-protection and underplanting programmes.

## PROPOSED RATIONAL MARKETING ARRANGEMENT

There is a need for creating an organisation which pools the coconuts, processes them and markets on scientific lines. This proposed organisation could be on co-operative basis or some other joint-effort form in order to receive assistance from both the cultivator-states and the Coconut Board/Government of India. In this organisation, the growers are the participants as well as the beneficiaries. By this the much desired vertical integration in the coconut industry could be achieved. The frame work of this proposed organisation is as follows:

(i) *Coconut grid*: The proposed marketing organisation should set up procurement centres in all the major coconut growing areas. This grid should have inter-state character and have the capacity of speedy disposal of the procured commodity to either consumer markets or processing centres.

The proposed grid should make speedy payment to the growers on receipt of their commodity. The grid should employ proper grading standards to classify the commodity and fix the prices accordingly.

(ii) *Zonal level storage and processing centres*:

At suitable zonal (State or Group of States) level, the proposed organization should set up vast warehouse and processing units, for storage and processing of coconut.

These zonal units should be integrated into the national level organization, which can conduct the inter-state channelising and distribution of produce and conduct even the export trade, and other activities of wider perspectives. This national level organization takes the policy decisions on how much of the produce to be diverted for edible purposes, how much should go to copra making and how much should be milled to oil, etc.

### OPENING OF OUTLETS FOR CONSUMER BENEFIT

For the benefit of the consumers, the proposed marketing organisation opens retail outlets all over the country to dispose of the commodity at reasonable prices. This benefits the consumers very much and also promotes the enhanced sale of the commodity.

### SALES PROMOTION

For horizontal and vertical expansion of coconut market through sales promotional activities, the proposed marketing organization resorts to various promotional activities to achieve expansion of trade, maximise consumption and create consumer awareness. These are as follows:

(i) *Grower-Customer Cultivation*: Enrolling more and more growers into the field of coconut cultivation by providing various incentives such as arranging credit assistance through commercial and co-operative credit organisations, subsidy assistance, etc. On consumer side, the conscious-

ness will be created among the consumer mass to use more and more of coconut and coconut products.

(ii) *Advertisement through mass media*:

Advertisement through mass media such as newspapers, journals, billboards, hoardings, radio, television etc., will be undertaken by the proposed marketing organisation to persuade and capture more and more consumers and spread the "coconut culture". These advertisements will also be oriented to introduce various coconut based food and confectionary products to the people by highlighting their taste and nutritional values. Highlighting will also be done on the increment in the use of tender coconuts as health drink.

### SUMMARY

Although coconut is one of the most priced and essential commodities in India, its marketing is jeopardised by many artificial reasons and faulty Governmental policies, which can very well be corrected in order to brighten the prospects of coconut and its products in Indian markets. The efforts are also needed to revamp the present unscientific marketing system in favour of a grower-consumer linked system, in which the growers and consumers are the participants, and exploitation will no longer be a part of the marketing system. By involving growers in processing-marketing activities, the much desired vertical integration could be achieved.