



Trade in Kottathenga, an alternative business preposition for Kerala coconut

M.Thomas Mathew and P.O.Baby*

Introduction

Production and marketing of dry coconut or Kottathenga is considered as one of the remedial measures to mitigate the problem of price uncertainties and drain of farm income. The retail market for Kottathenga is mainly concentrated in central and northern India where it is an inevitable item for social, religious and edible purposes. Hence the demand for "Kottathenga" is significantly high during the months of August to November and January when prices also rule high at both the arrival and retail markets.

Coconut occupies a significant place in the national economy due to its multifarious uses and export potential. It provides food, nutrition and livelihood security to more than 10 million people in the country. Coconut and its products have extensive uses and enjoy consistent demand in the entire country. Thampan in 1988 reported that about 60 per cent of the total production of coconut in the country is consumed as fresh nuts either for religious and social rituals or for culinary end uses. After decades of earnest efforts and implementation of various programmes in the country by the Coconut Development Board (CDB), coconut cultivation, production and consumption have been increased many folds. The recent studies conducted by the CDB indicate that there has been a structural change in the consumption pattern of coconut in the country. The studies showed that about 50 per cent of the coconut produced in the country is utilized for social, religious and edible purposes, 15 percent is used as tender coconut and the balance 35 percent is used for processing into copra. Two major commercial products, the markets of which decide the growth of the industry, are

coconut oil and copra and hence the ruling prices of these commodities determine the price of coconut. Generally, the prices of copra and coconut oil in the country fluctuate violently and thus create trough and crest in the market. As a result of the uncertainties in the copra-coconut oil market, innumerable small scale copra processors in the state often abstain from their business activities to avoid unpredictable losses which in turn have led to the problem of disposal of coconut at the farm gate. The lower level of income from the coconut holdings due to low productivity as well as the fall in value realizations of farm produce on account of sudden fall in the prices of coconut at times of peak production period due to the over-dependence of coconut economy on coconut oil driven market has consequently led to total neglect of the gardens. Production and marketing of dry coconut or Kottathenga is considered as one of the remedial measures to mitigate the problem of price uncertainties and drain of farm income.

Root of the Current Crisis

Coconut cultivation and industry in the world in general and our country in particular are currently

*Coconut Development Board, Kochi - 11



facing two newer challenges. The liquidity crisis and associated recession, originated in the US and now engulfed in most of the economies in both the developed and developing world, echoes the great depression of 1930s. The impact of global financial crisis is felt in terms of reduction in export earnings and import appetite for essential commodities. Even though India's export earning from coconut sector has increased during the recession period, the sector is affected due to emergence of uncertainties in the market. The consumption of coconut for edible and culinary uses in non producing states of the country has fallen relatively on account of set back on the purchasing capacity of the consumers as a consequence of the global recession. The import of vegetable oil particularly palm oil and palm kernel oil to bridge the gap between the domestic demand and supply has adversely affected the farm gate prices of many oil seed crops including coconut. Even though India is one of the largest importers of vegetable oils in the world, the imposition of Customs Duty on Crude Palm Oil and refined bleached and deodorized (RBD) Palmolein in the order of 80% in 2005, 70% in 2006 and 60% in 2007 in the former case and the corresponding duties 90%, 80% and 67.5% in the latter kept the domestic market of vegetable oils particularly coconut oil intact to a certain extent. However, further reduction of import duty on palm oil and the present zero duty on all the vegetable oils have resulted in the price crash of copra, coconut oil and coconut market in the producing states which

in turn has created a period of frenzied distress among the farming community and primary level processors. Many of the small and tiny copra processors in the state of Kerala, the major copra producing state, burned their fingers and stopped purchasing coconut from the farmers to avoid loss. A sudden break in the copra processing activities, particularly during the peak harvesting period in Kerala and Tamil Nadu, had resulted in the accumulation of coconut harvests in the farm yard as well as enforced delay of subsequent harvesting. The uncertainty in post harvest processing, the problem of disposal of coconut on harvest and delayed payment of prices of coconut to farmers by the primary processors has considerably weakened the purchasing capacity of the farmer. As a result of this economic abjection, proper maintenance of the coconut farms which are tiny and scattered was affected.

The removal of import duty on palm oil which is considered to be the cheapest vegetable oil in the world has eased the market penetration in the domestic market with a high degree of concentration in the rural areas as well as in the hotel and bakery industries of the state. The current ruling price of packed palm oil ranges from Rs.35 to 40 per lit and that of coconut oil is between Rs.55 and 65 making a price difference of more than 50 per cent. It was reported that as and when the retail price of Palm oil and Palm kernel oil falls below the price of coconut oil and the price difference is more than 20 per cent, the rate of substitution for coconut oil with the cheap palm oil increases

enormously both in the edible as well as in the non-edible industrial sector. (Thomas Mathew 2009). The availability of palm kernel oil at cheap rate encourages liberal adulteration of coconut oil with palm kernel oil. The physical and chemical characteristics of palm kernel oil resemble coconut oil and allow easy adulteration. The difficulty of palm kernel oil detection from the coconut oil mixture and its copious availability with a comfortable price difference have the advantage of not only displacing the premium priced coconut oil from the industrial uses but also helped the coconut oil traders for large scale adulteration of coconut oil with palm kernel oil which has led to a turmoil in the copra-coconut oil market. The adulterated coconut oil is comfortably sold with the label of pure coconut oil at the prevailing price which is 50-60 per cent more than that of the price of palm kernel oil and is highly advantageous for the traders to reap more profit. All these externalities have contributory role in inducing disguised surplus, even in conventional States like Kerala. Because of the uninterrupted supply of adulterated coconut oil, the demand for milling copra in the state has fallen significantly. The small coconut oil extracting millers who spread in all the rural areas of the state have stopped the purchase of copra and crushing activities abruptly which in turn have affected the copra processing industries leading to crash in price of coconut and coconut products and distress among the producers. A new market situation has emerged for the



advantage of the large players to buy adequate quantity of copra at a comfortable price to make a buffer stock and ensure the smooth operation of their units at full capacity. Thus the king of vegetable oil is locked up in a competitive battle with other cheap vegetable oils and the domestic coconut industry is becoming uncompetitive mainly on account of the pressure from other vegetable oils in terms of price and consumer demands.

The Second challenge before the Indian coconut industry is from the adverse consequences of the global warming and climate change. According to the United Nations Inter-Governmental Panel on climate change the tropical countries especially India is more vulnerable to climate change. The extreme weather, unpredictable rainfall pattern and prolonged summer have not only affected the plant health but also upset the coconut based farm systems, regular farm maintenance operations and other cultural operations in coconut gardens. The rampant infestation of the pests like coconut eriophyid mite, slug caterpillar, black-headed leaf eating caterpillar which were hitherto considered as minor pests and diseases like bud rot, ganoderma wilt etc are causing considerable damages to the crop and crop yield. The high capital investment to combat and mitigate the pests and diseases has resulted in increasing the cost of production considerably. The increasing investment in coconut cultivation due to biotic and abiotic stress on one hand and the declining trend in the prices of coconut on the other side have become a bolt on the back of farmers

and has pushed the coconut farming and industry uncompetitive.

Trade in Kottathenga or dry coconuts: An option for alternative market:

The diverse uses of coconut offer huge scope for promoting the market for varied coconut products to soothe the price related uncertainties. Coconut has inelastic demand in certain sectors like social and religious purposes and culinary uses. Even though the size of the nut is not a determinant factor for the selection of coconut in social and religious functions, small nuts are generally preferred for the uses. Similarly the use of tender coconut in the country also offers a stable demand and growing market. To safeguard the coconut culture and industry from the clutches of market instabilities and substitute oils, it is necessary to promote diverse uses of coconut in the domestic market. The consistent demand for mature coconut and its availability in the country throughout the year offer great scope for the development of a viable retail market for partially de-husked coconut and de-husked dry coconut. Similarly establishment of tender coconut market in metros and other important cities facilitates the easy availability of the commodity to consumers at an affordable price. However, the seasonal variations in supply and demand on account of seasonality in production and the festive seasons, the market of these products are exploited by the sellers. The peak demand for coconut in the country prevails during festive seasons beginning from September till March. Even though the per capita availability of coconut in the

country is estimated as 14 nuts per year, the absence of an organized market restrains its easy access to consumers in the country particularly in non producing states of northern India at an affordable price. The markets for de-husked coconut in these states are controlled by a few wholesale merchants, mainly the commission agents and hence they dictate the wholesale price of coconut both for purchasing from the arrival markets as well as for selling in the retail outlets. A roving survey conducted by the author in Delhi recently indicated that "Azadpur Subjee Mandi" is the hub market for coconut for northern states and is considered as the biggest wholesale market for de-husked mature coconut as well as the de-husked dry coconut in the country. It is estimated that on an average, 10 truck loads (10000-15000 capacity) of coconut are traded in the market every day and from where the commodity goes to other periphery markets. The trade is conducted on gunny bag basis with different grades, like; 80-120 nuts per bag, 140-170 nuts and 240 nuts per gunny bag. The big sized nuts, ie. 80-120 nuts are mainly used for culinary edible purposes and the smaller sized nuts, ie. 240 and above nuts per bag have good demand for pooja and other social rituals. It is also estimated that about 45 million de-husked coconuts are sold in Delhi alone through Azadpur Mandi. The current price of first grade coconut ranges from Rs.740 to 800/- per gunny and that of small varies from Rs.640 to 700 per bag. The retail price of coconut in Delhi varies from Rs. 10 to Rs.15 per nut, the price spread at the current price is about



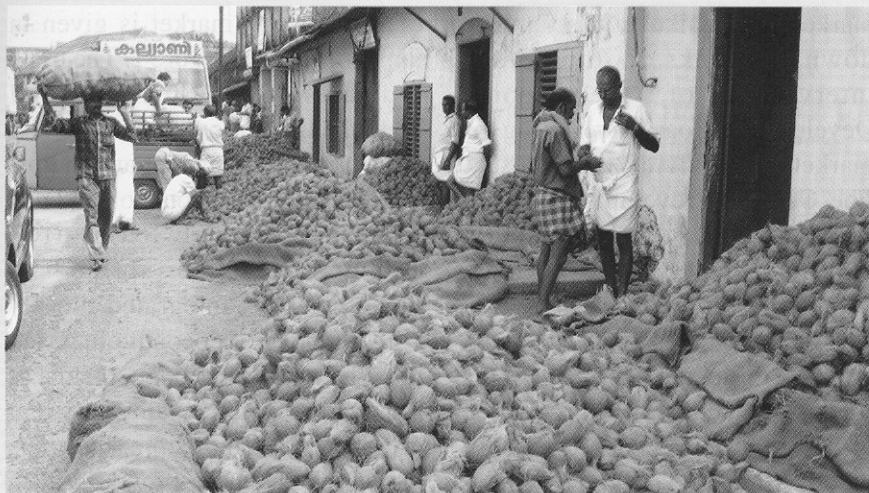
329 per cent. The main sources of these nuts are south in general and Pollachi or Kozhikode in particular. The nuts from Arsikere areas of Karnataka are also traded when there is significant difference in the price of Kerala and Tamil Nadu. The de-husked dry coconuts are mainly procured from Mangalore in Karnataka and Kozhikode in Kerala. The de-husked raw nuts with water are preferred during summer months as the market is mainly for the consumption in raw forms only. The de-husked and de-shelled nuts are sold along the road side and other street outlets on piece basis. Generally after de-shelling the nuts, each de-shelled kernel along with the testa is cut into 6 equal longitudinal pieces and is sold for ready consumption. The retail price of a piece is Rs.5/-. It is estimated that on an average, in Delhi city alone, about 20,000 nuts are sold in the form of cut pieces of coconut kernel per day. Thus each nut fetches about Rs.30 against the purchase price of Rs.5 per nut and hence the price spread between the whole sale merchant's price and the retail vendor's price is 500 per cent. A roving survey conducted by the author in Karolbag, INA markets and other important retail markets of Delhi revealed that the retail price of raw coconut in Delhi ranges between Rs.30/- per nut in Karol Bag and Rs. 15 per nut in rest of the markets. It was also observed that among all nuts, Kerala nuts fetches highest premium in the city. The price spread at the current farm-gate price in Kerala is worked out as 400 to 700 per cent without adding transportation cost and other miscellaneous costing. The situation

is more or less same in the case of retail market of edible ball copra too. The survey conducted at the Karolbag market of New Delhi by the author found an exorbitantly high consumer price ruling in the market for the edible ball copra in spite of the fact that the demand for edible ball copra in the summer months is dull in northern India. The retail price of Tiptur grade edible ball copra in the market was ruling at Rs. 120/ per kg which is 177 per cent more than that of the ruling price of ball copra at Tiptur. The whole sale price of edible copra at Tiptur market during May 2009 was Rs.4326 per quintal. Because of the monopsonistic market behaviour, the retail sellers determine the retail price with no bargaining power to primary producers and the whole sale merchant at the arrival market. The lack of a dynamic market, market literacy and the awareness on the easy accessibility of the products are considered as the reasons for the existence of a high price spread. A reasonable price spread covering the cost of transportation, handling costs and an optimum profit margin is considered to be vital for the growth of the market for the coconut and coconut products in the country. Thus there exists a monopsonistic condition in the market and resulting uncertainties in the trade of coconut and coconut products in the domestic market, particularly in non producing northern states which accounts for more than 70 per cent of the country's population. Anticipating the future potential for marketing of raw coconut trade in northern India, including kottathenga or dry coconut, the development of organized marketing

system is inevitable. To reduce the level of price spread to the minimum level, setting up of marketing institutions exclusively for the trade of coconut and coconut products at the national level is warranted. Setting up of a national level federation of coconut growers' having responsibility of production, processing and distribution of coconut throughout the country in the line of National Dairy Development Board's marketing strategy may help to reduce the price spread considerably and enhance the market potential for coconut and coconut products. The presence of an oligopolistic consumer market where few sellers determines retail price of the products with high profit margin which is almost inflexible irrespective of the pattern of demand and supply is the unique behaviour of coconut market in the country. In view of the emerging importance and immense potential of market for de-husked coconut in the country, a case study of trade in dry coconut in Kozhikode and Vadakara markets was under taken during July 2009.

Kozhikode Market: A unique arrival bazaar for Kottathenga in India.

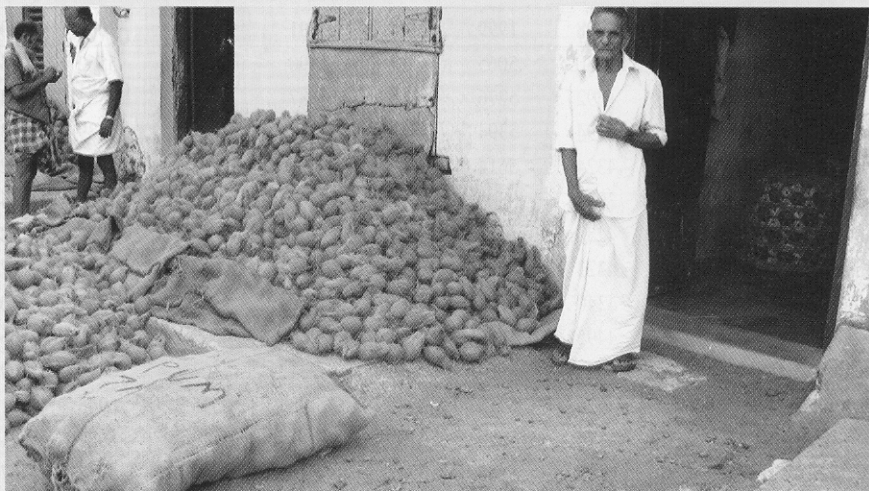
The southern states of India, Tamilnadu, Karnataka and Andhra Pradesh are the major assembling markets for partially de-husked coconut for upcountry buyers. Even though Kerala is unfamiliar with the trading of de-husked coconut in the country, sale of de-husked dried coconut in Kozhikode market is popular and well known to the traders in the periphery market of the country. Trade in the dry coconut and the production of milling/edible



Sale to up country buyers

copra in the district have positive correlations. However, there is an inverse relationship between the price of milling copra and the production of dry coconut. It is estimated that India produces annually about 8.14 lakh MT of milling copra and 1.76 lakh MT of edible copra. Kerala still holds the hegemony of production of milling copra and coconut oil. The state accounts for 60 per cent of the total production of milling copra in the country. Traditionally Alappuzha and Kozhikode are the assembling market for milling copra in the state since time immemorial. However, consequent to the development of adequate infrastructure for road transport and power in the rural areas, the importance of Alappuzha as the hub for trading milling copra has considerably shrunk. Yet Kozhikode market gained importance and developed into a focal point of copra supplying to various parts of the country, particularly, Mumbai and Kolkata. Vadakara in Kozhikode is also a traditional market for edible ball copra and cup copra. Copra is processed by small copra processors

located in almost all Panchayaths of the district. After the nuts are harvested the farmers grade the nuts into two categories and sell first quality nuts, ie. large and medium sized nuts to local copra processors who purchase the nuts based on the prevailing price of copra. The remaining mature nuts, after culling out the immature, barren and undeveloped nuts are stored in kiln like go-down for 6-8 months for converting into dry coconut. The dry coconuts are further graded into three categories of small, medium and big sized after de-husking. Apart from Kozhikode, Vadakara,



A view of daily transaction of dry coconut at Kozhikode mandi

Thalassery, eastern parts of Kannur and some parts of Malappuram and Kasargodu are the other centers producing dry coconuts.

Price trend

Generally, the price of coconut oil ruling at the Kochi market determines the price of coconut, copra and other coconut products in rest of the assembling markets in the country. However, such market behaviours are not observed in the retail market. In case of coconut oil the retail price is decided by a few manufactures of coconut oil who owns the bulk of the share of the retail market in the country. However the whole sale and retail prices of coconut, edible copra, kottathenga etc are governed by a few commission agents or the wholesale dealers in the periphery market. By and large whole sale price of kottathenga in the assembling market also moves in tandem with the wholesale price of coconut oil which is directly correlated with the price of other vegetable oils in the country. It has been observed that there exists an lagged relationship between the lagged price of milling copra and



production of kottathenga. Whenever the price of milling copra at Kozhikode market falls, the farmers hoard their harvest and store for Kottathenga production which in turn enhance the production of Kottathenga in the subsequent year. Apart from the prices of coconut oil and copra some times certain outliers also influence the price of kottathenga in the state. For example, when the value added tax (VAT) was imposed on coconut and the coconut products in April 2005 by Government of Kerala, while other major coconut producing states like Tamilnadu and Karnataka abstained from the introduction of VAT for these commodities, a shift in the Kottathenga market was observed in Kozhikode. Because of the price advantage, the entire buyers from the periphery market met their supply requirements from the neighbouring Mangalore market where the de-husked dry coconut was available at a comparatively cheaper rate. As a result of this policy implications on the price of copra, coconut oil and other coconut products, the entire Kottathenga

market in Kozhikode was tumbled down. Thanks to the timely intervention of the Coconut Development Board in restoring the market and reviving the industry. The Coconut Development Board sponsored a study to the Centre for Taxation Studies, Thiruvananthapuram to assess the Impact of Value Added Tax on the price of coconut products in Kerala. The result of the study revealed that the introduction of VAT on coconut and coconut products in Kerala had advantages in the neighbouring states of Tamil Nadu and Karnataka in enhancing their business. The Kottathenga market in the state was more affected and became standstill as both farmers and traders were indisposed to undertake any business and the state had lost a significant share of revenue. The withdrawal of the VAT in the trade of coconut and copra by the Hon'ble Finance Minister of Kerala helped to recover the industry and prevented the total collapse of Kottathenga and Rajapur copra trade in Kozhikode.

The trend in the prices of milling copra, coconut oil and dry coconut

of Kozhikode market is given in tables- 1 to 3 and figure 1. The trend indicates that the price of Kottathenga is moving more or less in an oscillating manner and in tune with the price of coconut oil and that of milling copra. Between these two commodities the price of Kottathenga is integrated closely with the price of coconut oil. Even though the price of Kottathenga is moving in close sympathy with that of coconut oil and copra, the price variations are more pronounced in case of Kottathenga on account of the seasonal variation in demand as well as its seasonal nature of production. The demand for dry coconuts in northern India is predominantly high during the winter season and hence the peak bulk purchase starts from July and remain high till November and subsequently in January. The seasonal behaviour of the price of copra, coconut oil and the dry coconut is given in table 5 and Fig-2. It is interesting to note that the seasonal indices of copra price and coconut oil price are also high during the same periods. In view of the

Table 1. Monthly average prices of coconut oil at Kozhikode market (in Rs. Per quintal)

Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
January	5030	5065	5466	3090	3909	5562	6352	7184	4703	5218	5297
February	4592	5276	4698	3287	3787	5833	6448	7342	4885	5200	5395
March	4394	5394	4164	3277	3651	5739	6359	6323	4730	4766	5910
April	4324	5614	3951	3020	3903	5464	6241	6113	4749	4745	6104
May	3974	5300	3754	3023	3944	5259	6477	5568	4709	4747	5914
June	4230	5425	3612	3240	4434	5181	6838	5546	4836	4613	6395
July	4323	5504	3291	3313	4854	5936	6793	5296	4657	4877	6673
August	4340	5989	3394	3406	4763	5933	7040	5154	5151	4911	6453
September	4495	5784	3201	3247	4690	6250	6633	4907	5197	4584	6576
October	5013	5904	3084	3231	4604	6874	6923	4772	5197	4395	6164
November	4926	5978	3149	3498	5535	6945	7196	4780	5482	4895	6245
December	5374	5820	3139	4151	5512	6689	7158	4756	5474	5193	6184
Monthly average prices	4585	5588	3742	3315	4466	5972	6705	5645	4981	4845	6109
Coifficent of variation	9	5	20	9	14	10	5	16	6	5	7

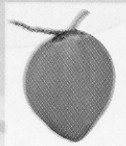


Table 2. Monthly average prices of copra at Kozhikode market (in Rs. Per quintal)

Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
January	3369	3339	3611	2075	2589	3741	4223	4802	3117.292	3563	3470
February	3094	3466	3106	2230	2555	3898	4329	4893	3244.13	3416	3543
March	2942	3585	2765	2158	2458	3801	4386	4166	3142	3162	3780
April	2866	3651	2672	1904	2577	3528	4175	3903	3140	3170	3989
May	2639	3445	2476	1991	2591	3516	4280	3679	3260	3106	3857
June	2764	3543	2296	2083	2902	3449	4492	3527	3026	3036	4232
July	2825	3625	2088	2135	3136	3629	4478	3418	2987	3201	4318
August	2826	3955	2258	2117	3031	3940	4582	3253	3251	3122	4272
September	2948	3833	2124	2093	3072	4218	4421	3106	3373	2968	4299
October	3262	3985	2105	2153	3123	4619	4593	3145	3373	2917	4124
November	3268	4085	2059	2366	3700	4626	4790	3179	3555	3210	4179
December	3489	3883	2136	2763	3660	4496	4792	3163	3624	3333	4078
Monthly average prices	3024	3700	2475	2172	2950	3955	4462	3686	3258	3184	4012
Coifcient of variation	9	7	20	10	14	11	5	17	6	6	7

Table 3. Monthly average prices of Dry coconut at Kozhikode market (in Rs. Per 1000 Nos.)

Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
January	3968	3816	4510	2206	2400	3074	4277	4055	3288	2688	3641
February	3787	3861	4137	1978	2430	3307	4798	3879	2693	2642	3514
March	3637	4092	3873	1988	2312	3311	5165	3664	2989	2535	3242
April	3517	4111	3533	1683	2499	3377	5155	3643	2905	2446	3314
May	3278	4204	3052	1678	2573	3497	5250	3495	2900	2365	3360
June	3304	4493	3180	2000	2787	3485	5078	3534	2774	2632	4096
July	3804	4576	3160	1873	3009	3733	5332	3403	3048	2548	4021
August	3606	4492	3173	1840	3321	3830	5291	3120	3102	2401	4567
September	3778	4874	3250	1797	3500	3947	5416	3211	3270	2660	4772
October	3873	5052	2376	1765	3031	4083	5121	2918	2926	2706	4374
November	3858	5127	2370	1975	3016	4095	4824	2395	2850	3032	4459
December	3800	4922	2204	2591	2936	4212	4146	2350	2850	3206	4278
Monthly average prices	3684	4468	3235	1948	2818	3663	4988	3306	2966	2655	3970
Coifcient of variation	6	10	22	13	14	10	8	16	6	9	14

festive seasons which generally begin from August- September and last till January, the demand for coconut and its products increases and hence prices move upwards (Thomas Mathew 1994). Nearly 65% of the total arrivals of dry coconut in the district take place in the 6 months of the peak consumption period of the year and the balance supply is distributed in the remaining months. Because of the monopsonistic market at the assembling market and the presence of oligopoly market at the periphery market, the monthly variations in the retail price of Kottathenga at the retail market is almost stable. The retail market for Kottathenga is

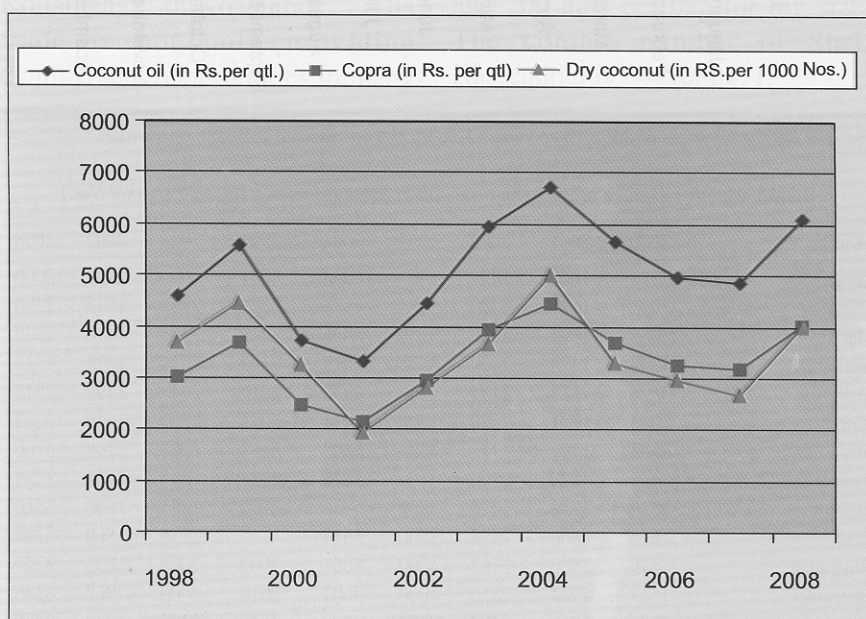


Fig. 1. Trend in prices of coconut oil, copra and dry coconut in Kozhikode



Table 4. Seasonal indices of prices of coconut oil, copra and dry coconut at Kozhikode Market

Months	Cocconut oil	Copra	Dry coconuts
January	102	103	101
February	101	102	98
March	98	99	98
April	97	96	96
May	94	94	95
June	97	96	99
July	99	97	102
August	101	99	103
September	99	99	107
October	100	101	101
November	105	106	101
December	106	107	99

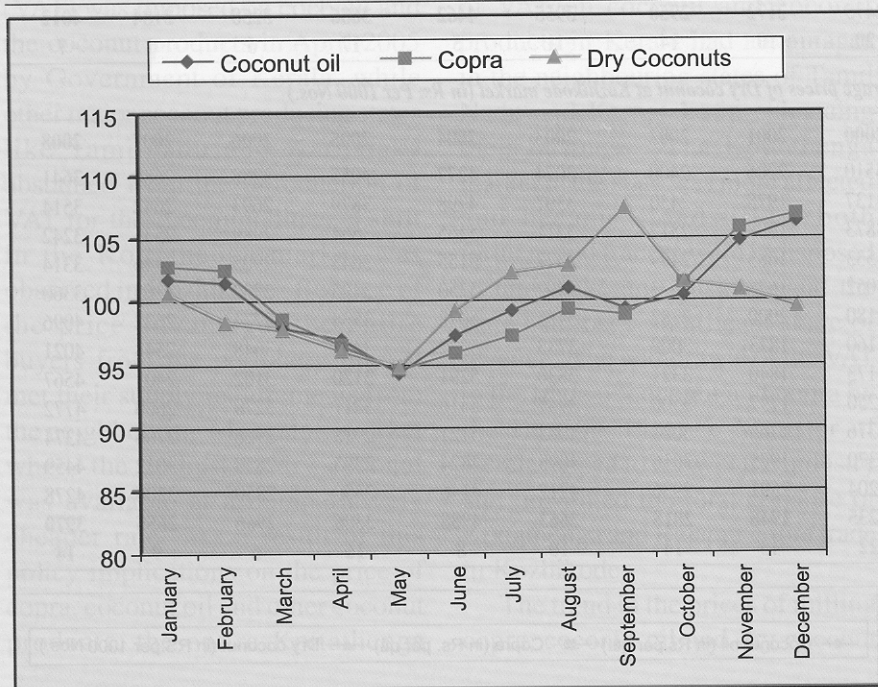


Fig. 2. Seasonal indices of prices of coconut oil, copra and dry coconut at Kozhikode market

Table 5. Monthly average prices of Dry coconut at Vatakara market (in Rs. Per 1000 Nos.)

Months	2000	2001	2002	2003	2004	2005	2006	2007	2008
January	4318	1608	1988	3000	4006	4041	2000	2127	2000
February	3933	1627	2000	3113	4438	3632	2183	1845	2200
March	4061	1622	2000	3156	4826	3469	2016	1816	2200
April	4002	1475	2100	3375	4817	3525	2014	1875	2323
May	3826	1588	2454	3268	4952	3316	2000	1592	2543
June	3048	1771	2700	3206	4744	3071	2000	1646	3262
July	2833	1792	2715	3400	5308	3163	2000	1768	3700
August	2353	1800	2800	3600	5275	2587	2285	1784	3254
September	1720	1739	3028	3800	5538	2500	2304	1800	3510
October	1615	1800	2535	3800	5314	2000	2238	1800	3104
November	1579	1800	2762	4000	4661	2000	2008	1838	3221
December	1517	1984	2850	4000	3604	2014	2000	1968	3346
Monthly average prices	2900	1717	2494	3477	4790	3029	2087	1822	2889
Coefficient of variation	38	8	15	10	12	22	6	8	21

mainly concentrated in central and northern India where it is an inevitable item for social, religious and edible purposes. Hence the demand for “Kottathenga” is significantly high during the months of August to November and January when prices also rules high at both the arrival and retail markets. Even though Kozhikode and Vadakara are the two traditional market for dry coconut, the price of dry coconut is always high in Kozhikode due to the superiority of the nuts. (see fig-3. Vadakara is another important town situated about 30 km away from Kozhikode. It is also an important trading center for raw coconut, copra and kottathenga. However, Vadakara is famous for its unique trade of Rajapur edible copra. It is estimated that about 3000 bags of rajapur copra is daily traded from Vadakara directly to northern India. On an average about 15-20 truck loads of copra is traded in Vadakara daily during the peak demand season, particularly in festive seasons like deepavali, rhakibandan etc.. Rajapur copra is made from edible grade ball copra after selecting dried coconut. The selected dry coconut after de-shelling are cut into two equal halves and sold as “Rajapur” copra which always commands premium price. The dry coconut not selected for the production of “Rajapur” copra is sold as “Kottathenga”.

In case of Vadakara, the top quality dry coconuts are again selected for the production of edible grade “Rajapur” copra. Since the production of “Rajapur” copra is predominantly high in Vadakara, the sizes of dry coconuts available in the market are comparatively smaller

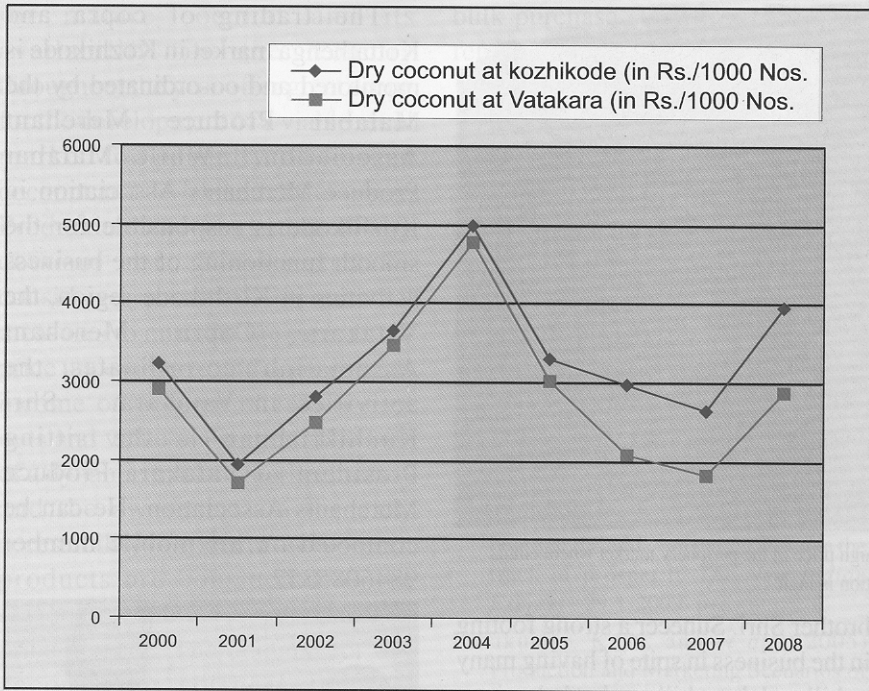


Fig. 3. Trend in prices of dry coconut at Kozhikode and Vatakara markets

than that of Kozhikode market. Hence the price of Kottathenga at Kozhikode market always rules high.

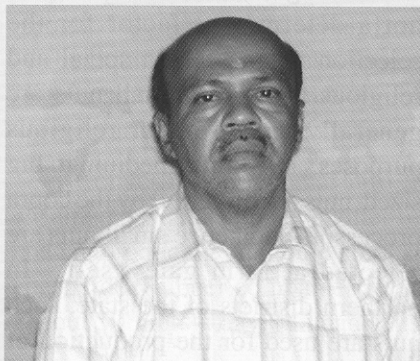
Tradition in dry coconut business in Kerala: Case studies.

Shri. Bipin. H. Parikh of Paramanand Gulab Chand & Co. is one of the leading traditional Kottathenga merchants in Kozhikode. He is a professional and ardent dealer of dry coconuts in the district and acclaimed credibility and reliability among the producers of

Kottathenga and the traditional upcountry buyers. With a humble beginning of trading with a few truck loads of Kottathenga in 1962, Shri. Bipin.H.Parikh has become instrumental in establishing a new commodity market “Market for Kottathenga” in Kozhikode. The trade is not only providing employment opportunities to many

people who belong to BPL group in the area but helps the coconut farmers of the area in getting a stabilized price for the nuts rejected by the copra processors. Shri. Bipin engages about 25 laborers daily in his firm for collection, sorting, packing and loading of dry coconuts. The nuts are procured mainly from Payyoli, Quilandy, Kuttiyadi etc. For more details Shri. Bipin can be contacted on his mobile phone number 9847132243

M/s. P.M.H Traders is another leading merchant of dry coconut in Vatakara market. Shri Hareendran, the proprietor of PMH traders has been involved in the trading of “Kottathenga” since the last 27 years. He buys dry coconut from the farmers of the surrounding areas of Vatakara and sells to upcountry buyers from Madya Pradwsh, Uthar Pradesh and Nagapur in Maharashtra. The kottathenga after sorting and grading are packed in gunny bags with 400 nuts per bag for small nuts, 300-325 nuts per bag for medium size and 200 nuts per bag for big size. The contact number of Shri. Hareendran is 9447080771.



Shri. Bipin H. Parikh



Sorting, grading and packing in progress at Gulab Chand's godown



The first grade coconut, ie. 80-100 per bag fetches high price in the periphery market where ethnic population is high

Shri M.K.Sameer is another major dealer of dry coconuts in Vatakara market. He is the leading trader of Rajapur copra in Kerala. Besides rajapur copra, he is also doing the business of ball copra and kottathenga. The triumphs and tribulations of copra and kottathenga trading during the past 20 years have made Shri. Sameer and his twin

brother Shri. Suneer a strong footing in the business in spite of having many uphill and downhill market behaviors. The Zammeer bais has permanent buyers from Nagapur, Raipur, Bhopal. About 25-30 permanent, skilled and unskilled labours are engaged for the successful conduct of his trade. Shri M.K.Sameer, can be contacted on his mobile 9745420300.

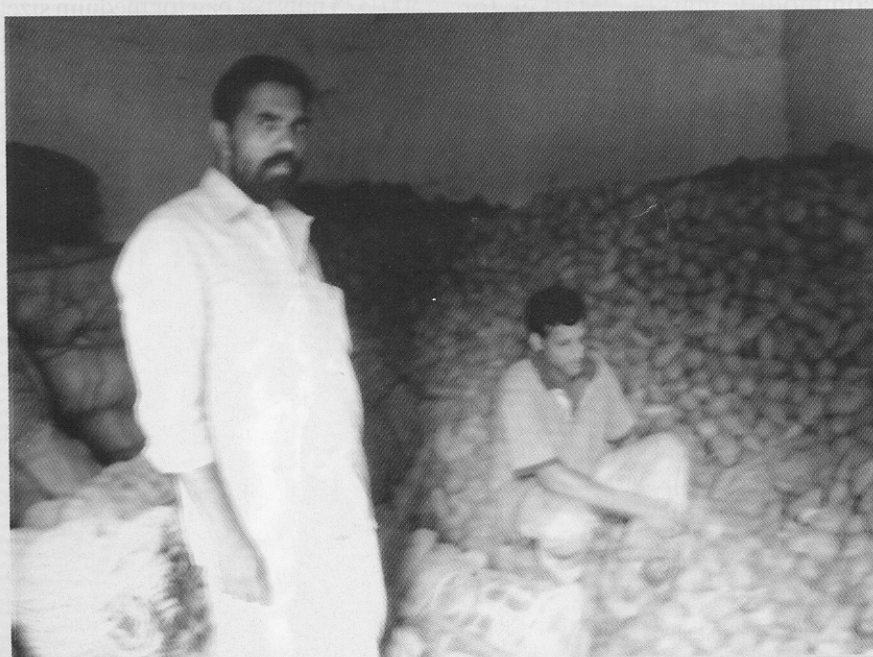
The trading of copra and Kottathenga market in Kozhikode is monitored and co-ordinated by the Malabar Produce Merchant Association. While Malabar Produce Merchants Association in Kozhikode is responsible for the smooth functioning of the business activities in Kozhikode region, the Vatakara Copra Merchant Association co-ordinates the activities in Vatakara. Shri Kunhikrishnan is the sitting President of Vatakara Produce Merchants Association. He can be contacted on his mobile number 9846085357



The Sameer brothers

Conclusion:

The diverse uses of coconut offer huge scope for promoting the market for varied coconut products to soothe the price related uncertainties. Coconut has inelastic demand in certain sectors like social and religious purposes and culinary uses. Even though the size of the nut is not a determinant factor for the selection of coconut in social and religious functions, small nuts are generally preferred for religious purposes. In Kerala, medium to big sized nuts are preferred by the copra processors and hence small nuts are rejected at farm gate itself. In northern districts of the state, such nuts are used for the production of dry coconut. The consistent demand



Shri Hareendran with his labourer who is grading the dry coconuts



for mature coconut and its availability in the country throughout the year offer great scope for the development of a viable retail market for partially de-husked coconut and de-husked dry coconut. Production and marketing of dry coconut or Kottathenga is considered as one of the remedial measures to mitigate the problem of price uncertainties and drain of farm income on account of rejection of nuts and value realization. The lack of a dynamic market, market literacy and the awareness on the easy accessibility of coconut and coconut products are considered as the reasons for the existence of a high price spread. The demand for dry coconuts in northern India is predominantly high during the winter season and hence the peak

bulk purchase starts from July and remain high in January.

Notes and References

- Thampan, P. K. (1988) Glimpses of Coconut Industry in India, Coconut Development Board, Kochi pp 15.
- Markose, V.T. (1992) Domestic Marketing of coconut products in India Asian and Pacific Coconut Community, Jakarta.
- Menon and Pandalai (1958) *The Coconut palm, A Monograph* Indian Coconut Committee.
- Pulapre Balakrishnan (2009) Revive Agriculture sector, boost capital formation, improve quality of education and enhance the productivity across the board-and Kerala can march ahead in the track of prosperity *The New Indian Express* 29-1-2009 p-2.
- Ravikumar, K. N. and *et al.*, (2005) Production and Marketing Scenarios of Oil seeds in the Era of Globalization Agricultural Situation in India, September 2005.

Thampan, P. K. (1996) *Coconut for Prosperity* Peekay Tree Crops Development Foundation, Ernakulam. Pp 133-144.

Thomas Mathew (1994) Economics of Marketing of coconut in Kerala M. Phil Dissertation, Jawaharlal Nehru University, New Delhi .

Thomas Mathew, M. (2006) Making Varied Products The Hindu Survey of Indian Agriculture 2007 pp62-68.

Thomas Matthew M (2007) Indian Coconut Industry: The way forward *Indian Coconut Journal* Vol. XXXVIII(7) November 2007. Ernakulam, pp199.

Thomas Mathew, M (2009) Staying organized, the key to the success of coconut industries in North Sulawesi Province. *Indian Coconut Journal*, Vol. LII No.1.

Venkataraman, M.S. and Lakshmanachar, M. S. (1960) Seasonal variations in Prices of coconut and coconut products at Cochin *Coconut Bulletin*, Vol 14 No 3.

Success story in making coconut shell charcoal liquid smoke in Indonesia

Where there's smoke, there's liquid: A worker tends to a distillation machine that converts smoke from coconut shells into liquid. JP/Theresia Sufa Mamad, a villager from Ciampea district in Bogor regency, knows how to make the most of coconut shells and find ways to minimize pollution. His business has expanded from making charcoal to producing liquid smoke, by burning coconut shells. Starting in 1994, he initially made charcoal only to fuel his business of making roofing tiles. "But I decided to stop making tiles and concentrated on charcoal, since I got many orders from an iron-casting company in Pulo Gadung in East Jakarta, because it was more profitable," he says.

"I'm glad I got the orders, because now I can make use of the piles of burnt coconut shells at home." To meet the orders, Mamad usually burns around 400 to 500 kilograms of shells. "I was worried the smoke would disturb my neighbors, and I didn't know how to deal with it until I met Pak Rokhani Hasbullah, a Lecturer from IPB [the Bogor Institute of Agriculture], who suggested I pool the smoke and condense it to produce a liquid," he says. "The liquid can be used as a food preservative." Rokhani, from IPB's School of Agricultural Engineering, says the liquid smoke can also freeze rubber, remove odors and disinfect items. He adds it is a safe and natural food preservative because it contains more than 400 substances to slow the growth of bacteria.

"Converting the smoke into liquid also minimizes air pollution," Rokhani says. Rokhani has also helped Mamad design a smoke distiller to produce 30 to 40 liters of liquid smoke a day. It has been a year since Mamad began producing the liquid smoke, but he has only sold it to farmers in Central Java to be used as a substitute for pesticide. Rubber companies in Sumatra and Maluku also buy the product to freeze rubber. Each company uses about 50 liters a day. Mamad sells the liquid smoke for Rp 20,000 per 300-milliliter bottle.

Courtesy: The Co community