

Coconut economy in India: status, options and the roadmap ahead

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The coconut palm is considered a multi purpose species across the world as every part of the tree is useful to human life for some purpose or the other.

Global Coconut Scenario

Presently, the palm is cultivated

seventies and eighties. Philippines and Indonesia made remarkable strides in area and production of coconut where as area and production in India is almost stagnating.

Indonesia and Philippines are

slipped to the second position with a relative share of 25.39 per cent. On the other hand, Indonesia, which was second major producer of coconut in the eighties, emerged as the leading producer of coconut now. The percentage contribution of India remained in the third position, but the country's relative contribution has increased from 13.96 per cent to 16.45 per cent during the corresponding period.

Table 1. CGR (%) of Area, Production and Productivity of coconut in India

YEARS	AREA	PRODUCTION	PRODUCTIVITY
1950 to '59	1.29	4.02	2.69
1960 to '69	4.10	2.59	-1.44
1970 to '79	-0.17	-1.02	-0.85
1980 to '89	3.47	4.69	1.18
1991 to '99	2.34	2.70	0.35
2000 to '08	0.21	3.24	3.02

Indian Coconut Scenario

Coconut is a palm traditionally cultivated in India for more than 3000 years. Systematic efforts to grow coconut as a commercial crop begun in the 1940s (Directorate of Marketing and Inspection, 2008). The coconut pockets in India is concentrated on the West Coast region of Kerala, Karnataka, Goa, Maharashtra, Gujarat; and the East Coast regions of Tamil Nadu, Andhra Pradesh, Pondicherry, Orissa, West Bengal, Assam; and the Islands of Andaman & Nicobar and Lakshadweep. The main producers are the States of Kerala, Tamil Nadu, Karnataka and Andhra Pradesh. Three States viz., Kerala, Tamil Nadu and Karnataka together account for almost 84 per cent of area and production of coconut in the country.

in more than 93 coconut producing countries in the world, in an area of 12.16 million hectares with an annual production of 61.08 billion nuts. Over the years, global acreage under coconut cultivation has been gradually increasing. The global area has been continuously increasing from 1961 to 1999, reaching a maximum of 11.66 million hectares in 1999. It declined to 10.75 million hectares in 2000, but subsequently regained its position to 11.86 million hectares in 2009.

Major expansion in global coconut area took place in the

the two major competitors in coconut production. It was in the year 1997 that Philippines had a superior position to Indonesia with a production of 13707800 nuts while Indonesia was just behind Philippines with a production of 13463000 nuts after which Indonesia is continuously occupying the first position in global coconut production. It is interesting to note that Philippines, Indonesia, India and Sri Lanka were occupying the first four positions in 1980. Philippines, which occupied first position with 28.35 per cent contribution to the world coconut production in the eighties

Table 2. Export of coconut and coconut products from India (Quantity in MT)

Year	Coconut	Copra	Coconut Oil	Desiccated Coconut	Coconut Oil Cake	Coir	Total
1961	295 (2.77)	0 (0)	1 (0.009)	0 (0)	10357 (97.22)	0 (0)	10653 (100)
1971	232 (5.72)	0 (0)	9 (0.22)	0 (0)	3813 (94.06)	0 (0)	4054 (100)
1981	118 (4.31)	485 (17.71)	1 (0.037)	0 (0)	1975 (72.11)	160 (5.84)	2739 (100)
1991	4 (2.89)	0 (0)	70 (50.72)	0 (0)	0 (0)	64 (46.38)	138 (100)
2001	439 (2.87)	12 (0.08)	3134 (20.51)	144 (0.94)	12 (0.08)	11538 (75.52)	15279 (100)
2002	1188 (3.33)	31 (0.09)	5676 (15.93)	197 (0.55)	6435 (18.06)	22114 (62.05)	35641 (100)
2003	1402 (3.93)	95 (0.27)	6014 (16.86)	482 (1.35)	482 (1.35)	27191 (76.24)	35666 (100)
2004	2316 (4.68)	761 (1.54)	5954 (12.03)	432 (0.87)	4279 (8.64)	35764 (72.24)	49506 (100)
2005	2690 (3.68)	1283 (1.76)	5378 (7.36)	652 (0.89)	272 (0.37)	62816 (85.94)	73091 (100)
2006	2424 (2.33)	1357 (1.31)	3677 (3.54)	312 (0.30)	65 (0.63)	96051 (92.46)	103886 (100)
2007	6932 (5.54)	1671 (1.34)	6817 (5.45)	1455 (1.16)	218 (0.17)	107996 (86.34)	125089 (100)
2008	16609 (29.15)	13578 (23.83)	9855 (17.30)	2173 (3.81)	200 (0.35)	14558 (25.55)	56973 (100)

(Source: FAO, 2011) * Figures in parentheses indicate percentage to the total

The total production of coconuts in India is 15,730 million nuts from a total coconut cultivated area of 1.89 Million hectares (Coconut Development Board, 2011). Among the various states, Kerala contributed 42 per cent of area under coconut cultivation in the country followed by Karnataka (22 per cent), Tamil Nadu (21 per cent) and Andhra Pradesh (5 per cent) in that order. Production wise statistics also shows that Kerala occupied the first position with a share of 36.89 per cent followed by Tamil Nadu (34.11 per cent) and Karnataka (13.83 per cent).

The overall productivity of

coconut in the country is 8303 nuts/ha. Available statistics indicate that Lakshadweep has the highest productivity of 19,630 nuts/ha. The second and third positions in productivity are enjoyed by Pondicherry (14,619 nuts/ha) and Tamil Nadu (13,771 nuts/ha). Andhra Pradesh is ranked sixth (9327 nuts/ha). Kerala is ranked ninth (7365 nuts/ha) in terms of productivity. Karnataka occupies the tenth rank (5193 nuts/ha). Tamil Nadu and Andhra Pradesh are having productivity above the national average, while Kerala and Karnataka are having productivity below the national average.

$$NPC = P_d / P_b$$

where,

NPC = Nominal Protection Coefficient of the commodity under consideration

P_d = fob price of Indian Pepper in US \$/MT

P_b = fob price of Vietnam Pepper in US \$/MT

The export competitiveness of Indian coconut is worked out and presented in Table.5. It showed that the NPC was greater than one, indicating lack of global competitiveness in the commodity form. In other words, the domestic prices of coconut in Trichur and Pollachi markets have been consistently higher than that of the

Table 3. Import of coconut and coconut products into India (Quantity in MT)

Year	Coconut	Copra	Coconut Oil	Desiccated Coconut	Coconut Oil Cake	Coir	Total
1961	9 (0.01)	89716 (99.98)	0 (0)	5 (0.01)	0 (0)	0 (0)	89730
1971	0 (0)	8134 (100)	0 (0)	0 (0)	0 (0)	0 (0)	8134
1981	0 (0)	6063 (12.16)	43718 (87.69)	0 (0)	0 (0)	73 (0.15)	49854
1991	0 (0)	83 (5.89)	1325 (94.11)	0 (0)	0 (0)	0 (0)	1408
2001	0 (0)	371 (1.10)	23609 (70.30)	3 (0.01)	9501 (28.29)	99 (0.29)	33583
2002	15 (0.03)	227 (0.40)	30416 (53.12)	24 (0.04)	26181 (45.73)	392 (0.68)	57255
2003	19 (0.02)	1144 (1.29)	13760 (15.51)	3049 (3.44)	70588 (79.57)	148 (0.17)	88708
2004	1085 (1.41)	1136 (1.48)	12712 (16.56)	8208 (10.69)	53184 (69.28)	438 (0.57)	76763
2005	58 (0.06)	1790 (1.76)	4069 (4)	716 (0.70)	94350 (92.69)	803 (0.79)	101786
2006	0 (0)	0 (0)	14096 (24.85)	0 (0)	42432 (74.81)	192 (0.34)	56720
2007	2 (0.01)	0 (0)	8119 (20.62)	2 (0.01)	30849 (78.36)	394 (1)	39366
2008	4 (0.01)	0 (0)	15229 (40.65)	0 (0)	22231 (59.34)	0 (0)	37464

(Source: FAO, 2011)* Figures in parentheses indicate percentage to the total

international prices. It could be no different for copra and coconut oil also as empirical studies reveal (Babu et al., 2009).

The Roadmap Ahead

The production of coconut in India has been steadily increasing, thanks to expansion into non traditional areas coupled with robust productivity gains. However, the coconut sector in India has been afflicted by many problems, especially during the last decade or so. Problems of instability in output price, high wage rates, shortage of labour, high incidence of diseases, increasing cost of production coupled with

less relative profitability vis-a-vis competing crops like rubber are to be viewed in a holistic perspective. Farmers were subjected to tremendous inter year and intra year price variations. As expected, coconut prices are subjected to a pronounced seasonality where by the harvest period coupled with a subdued price period, while the off season synchronized with a buoyant phase.

A number of factors are likely to shape the prospects of coconut industry in the coming years. The first and foremost among them is competitive production – domestically as well as globally. The coconut productivity in the

major producing States of India like Kerala and Tamil Nadu are afflicted by old and senile palms. Phased systematic replanting is presently the need of the hour for enhancing the coconut productivity. This only will instil export competitiveness of the Indian coconut industry in the long run.

A number of marketing inefficiencies have contributed to the farmers' woes. Heavy farm level disposal of unhusked commodity, different strata of middlemen, enhanced transport and handling charges and the existence of considerable seasonality in prices acted against producer interests. As farmers are

Table 4. Minimum Support Price of Milling copra: A Comparison

Year	Milling Copra (Rs/Ql)	Ball Copra (Rs/Ql)
1990-91	1600	N.D.
1991-92	1700	N.D.
1992-93	N.D.	N.D.
1993-94	2150	2350
1994-95	2360	2575
1995-96	2500	2725
1996-97	2500	2725
1997-98	2700	2925
1998-99	2900	3125
1999-00	3100	3325
2000-01	3250	3500
2001-02	3300	3550
2002-03	3300	3550
2003-04	3320	3570
2004-05	3500	3750
2005-06	3570	3820
2006-07	3590	3840
2007-08	3620	3870
2008-09	3660	3910
2009-10	4450	4700

(Source Economic Survey, various issues)

Table 5. International prices and Nominal Protection Coefficients for Coconut

Year	Domestic price of Trichur market (Rs/Ql)	Domestic price of Pollachi market (Rs/Ql)	International price of Philippines (Rs/Ql)	NPC with respect to Trichur market	NPC with respect to Pollachi market
2003-04	645.83	511.67	352.45	1.83	1.45
2004-05	704.17	470.83	433.17	1.63	1.09
2005-06	589.58	453.33	376.15	1.57	1.21
2006-07	537.50	590.61	465.27	1.16	1.27
2007-08	600.00	578.98	580.80	1.03	1.00
2008-09	1275.00	641.70	684.82	1.86	0.94
2009-10	1145.83	649.50	431.96	2.65	1.50
Mean	785.42	556.66	474.95	1.68	1.21

Fig 1. Percentage composition of exports of coconut and coconut products from India

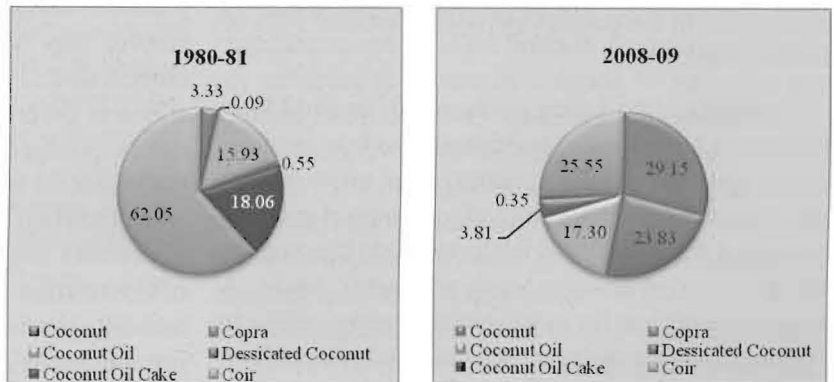
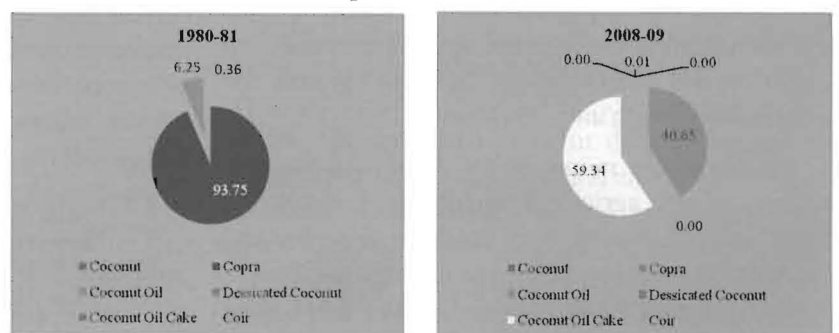


Fig 2. Percentage composition of imports of coconut and coconut products into India



more tuned to handling coconut in the commodity form, strengthening of reliable, region specific, and producer centric market intelligence facilities are the need of the hour in the short run to reduce the price risk of the farmers. In the long run, well chalked out R & D efforts, especially in post harvest handling are to be seriously thought out because the low level of product development and diversification offers excellent opportunities to go up the value chain and turn into a high value-added industry. Sizeable markets exist in domestic as well as export market for value-added products from coconut. It shall be

a sure route to harness higher income per unit area cultivated and a path breaking strategy for the selling producers to turn marketing entrepreneurs.

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