



Coconut Marketing in Coimbatore- An Empirical Study

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Coconut is the most important crop in the world and it is an important palm. Coconut is one of the most important commercial crops in many tropical countries and it is contributing significantly to their economy (Abankwah et. al., 2010)¹. India is concerned about the crop. Coconut shares a major slice in GDP, its contribution accounting for Rs 8000 crore and Rs 650 crore to the export earnings of the country (Chandrakumar and Theerthapathy, 2012)². Coconut cultivation is chiefly confined to India because of the congenial agro-climate condition of the coconut-growing region. In India coconut is mostly grown in the West and East Coast regions of the country, i.e. Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Maharashtra.

Tamil Nadu is considered as an important coconut producing state after Kerala, which holds the first position in terms of production and area of coconut cultivation. In Tamil Nadu, coconut is cultivated in around 410149 hectares with 58942 lakhs Nuts production (Coconut Development Board Statistics-2012). Tamil Nadu stands first in terms of productivity (14371 lakh nuts per hectares) among the leading coconut producing states in India. Coconut is cultivated in almost all the districts of Tamil Nadu, particularly Coimbatore, Thanjavur, Dindigul, Kanyakumari and Dharmapuri districts.

Even though production and productivity of coconut and other agricultural products are high in India, the economic condition of the coconut growers is poor. It is because of the agricultural marketing condition, which does not favour growers and marketing is done mostly through marketing intermediaries. However, these marketing intermediaries are harassing and cheating them in different ways due to the growers' weak bargaining power and poor economic condition (Deepak M, et al., 2006)³. Further, the coconut farmers face low and highly fluctuating prices due to their inability to have access to profitable markets for their produce (Niraj and Sanjeev, 2010)⁴. Even though the coconut production is technically and economically viable in Tamil Nadu, the cultivating area of coconut in Coimbatore which stands first among the coconut producing districts is decreasing year by year (refer Table-1). So it is evident that the growers of coconut in Coimbatore are giving up coconut cultivation and they are concentrating on other agricultural products. In order to highlight this problem, a study on the marketing practice with regard to coconut is to be carried out. The study would reveal the facts related to marketing cost, marketing margin, producers share, and the marketing channels involved in coconut marketing in the study area.

Further, this study proceeds with the methodology adopted in the study, on overview of coconut production in Tamil Nadu and Coimbatore, marketing channels involved in coconut marketing, analysis part and finally suggestions and conclusion.

Table 1- Coconut Production in Tamil Nadu and Coimbatore

Particulars		2006-07	2007-08	2008-09	2009-10	2010-11
Area in Hectares	Tamil Nadu	374604	383366	389429	400466	410149
	Coimbatore	104197	107106	110555	79532	80712
Production Nuts (in lakhs)	Tamil Nadu	54299	54385	53620	55471	58942
	Coimbatore	14829	15978	12406	11508	11970
% contribution of Coimbatore	Area	27.82	27.94	28.39	19.86	19.68
	Production	27.31	29.38	23.14	20.75	20.31

Source: Food and Agricultural Organization- Report Methodology

The main objectives of this study is to know about the marketing channels prevailing among the coconut producers in the study area; to work out the marketing cost, marketing margin and price spread. Further, to work out the producers' share in a consumer rupee in coconut marketing; and to give suitable suggestions for coconut marketing in the study area.

Among the leading coconut producing states of India, Tamil Nadu stands first in terms of productivity. Nearly 410000 hectares are used for coconut production. In Tamil Nadu, almost all districts are involved in coconut cultivation. Among them the top three districts are Coimbatore, Thanjavur and Dindigul. These districts have very good irrigation systems and Coimbatore district shows the highest productivity compared to other districts. Coimbatore district has conducive climate conditions suitable for coconut cultivation. These are the reasons for selecting Coimbatore as the study area.

A pilot study has been conducted comprehend the process and activities involved in coconut cultivation in the study area. Based on the information gathered from farmers, a detailed interview schedule was drafted, pre tested and it was used in field survey among 100 coconut growers selected from the study area for collecting data through personal interview. In order to study the marketing channel, price spread and growers' share in consumer rupee, 20 market intermediaries from identified market functionaries were selected and necessary information were collected. The main source of secondary data is from the Directorate of Agricultural Marketing Statistics Yearbook, books, journals and the internet.

Proportionate stratified random sampling technique has been used for selecting Coimbatore district as universe. Coconut growing villages are considered as the primary unit and the coconut growers and market intermediaries are the ultimate unit. Keeping this in view, 100 coconut growers were selected by using proportionate stratified random sampling technique, and in each market five intermediaries were selected by using convenient sampling technique.

Marketing Channels for Coconut in the Study Area

The market channel for coconut is the flow of product from the farmers through the various marketing intermediaries to the consumers. The selection of market intermediaries depends upon the accessibility of the other intermediaries, economic condition of the farmers, marketing chain and other factors in the marketing process.

In India most of the agricultural products do not have organized marketing channels, so that Indian farmers mostly depend on the market functionaries in their area. In India for coconut products the generally used marketing channel is farmers – vendors – aggregators- retailers- consumers (Niraj and Sanjeev, 2010)⁵. However, the marketing channel may vary from region-to-region and from farmers to farmers. It is applicable to the study area also. In the study area, four marketing channels were identified but mostly only the first channel only used by the farmers, and it is presented in the Fig. 1.

Channel 1- Producer – Copra Maker – Oil Miller – Wholesaler- Consumer

Channel -2 Producer – Oil Miller – Wholesalers – Retailer- Consumer

Channel -3 Producer – Oil Miller – Consumers

Channel -4 Producer – itinerant trader – wholesalers-oil millers- retailers- Consumer

Table – 3: Marketing Cost Incurred by the Intermediaries (for 100 Kg)

S.No	Particulars	Copra Maker	%	Oil Miller	%	Wholesaler	%	Retailers	%
1	Labour	2.3	7.80	2.33	7.83	2.23	7.85	2.0	7.79
2	Godown	8.1	27.12	8.11	27.30	7.98	27.29	7.82	30.62
3	Loading & Unloading	8.3	27.97	8.03	27.05	8.28	28.31	8.25	32.13
4	Transportation	4.05	13.72	4.26	14.34	4.12	14.09	4.23	16.46
5	Commission	3.5	11.80	3.55	11.96	3.30	11.29	-	-
6	Post-Harvest Loss Incurred during Marketing Process	2.4	6.90	2.02	6.81	2.05	7.02	2.07	8.08
7	Other Miscellaneous Cost (Shop Rent, Phone & Electricity, etc.,)	1.4	4.70	1.40	4.70	1.21	4.15	1.26	4.92
	Total Marketing Cost	29.53	100	29.69	100	29.23	100	25.67	100

Source: Field Investigation

It is evidence from Table -3, that the total marketing cost for Copra Maker, Oil Miller, Whole Seller, and Retailers are Rs. 29.53, 29.69, 29.23, and 25.67 respectively. It also shows that the Godown and Loading and Unloading cost is of high magnitude in the total marketing cost for all type of market functionaries. Moreover, in the study area, for Copra Maker, Oil Miller & Wholesalers, commission and post harvesting losses are the most important marketing cost. For retailers, labour charges, transportation, godown and loading & unloading charges significantly contribute to total marketing cost.

Table – 4 Price Spread Analysis for 100 Nuts

Particulars	Rs	%
Producer		
Net Price Received	266.17	31.46
Marketing Cost	88.83	10.50
Gross price received from Copra maker	350	41.37
Copra Maker		
Marketing Cost	30.05	3.55
Marketing Margin (including By-products)	95.78	11.32
Gross price received from Oil Miller	475.83	56.25
Oil Miller		
Marketing Cost	29.69	3.51
Marketing Margin (including By-products)	88.61	10.47
Gross price received from Wholesaler	594.13	70.23
Wholesaler		
Marketing Cost	29.23	3.46
Marketing Margin	102.23	12.08
Gross price received from Retailers	725.59	85.77
Retailers		
Marketing Cost	25.67	3.03
Marketing Margin	94.73	11.20
Consumer price for 100 Nuts	845.99	100.00

Source: Field Survey

Analysis and Interpretation of Data

Price-spread is the difference between the actual price received by the producers and the price paid by the consumers. The net price received by the producers, marketing cost and margins were analyzed in order to evaluate the marketing efficiency.

Table – 2- Cost of Coconut Sold by the farmers (for 100 Nuts)

S.No	Particulars	Rs	%
1	Harvesting	10.14	3.01
2	Loading & Unloading	16.72	4.96
3	Husk- Remove	25	7.42
4	Transportation	26.97	8.01
5	Other Expenses	05.00	1.48
	Total Marketing Cost	336.83	100.00

Source: Field Investigation

Table 2 shows total cost of coconut sold by the farmers as Rs 336.83 for 100 nuts. In their total cost, marketing cost constitutes Rs. 83.83, including expenses of harvesting, loading and unloading, transportation, husk removal and other handling charges. In the study area, growers normally did not make any husk removal from the coconut but it is needed when the buyers ask specifically for it, thus incurring husk removal expenses.

The above Table exhibits the price spread from consumers to farmers. In the coconut market, consumers pay the price of Rs. 845.99 for 100 nuts. In all the channels, producers are getting a net price of Rs. 350 only. Total marketing cost in the Channels involved in the marketing process is Rs. 203.47. In the study area normally growers are getting fixed gross price from any intermediaries and also they are incurring marketing cost of Rs. 83.83. The net price (350) is also the same amount in any marketing channels. Total price spread in the study area is Rs. 584.82; it is actually more than what the producers are getting from the market functionaries.

Conclusion

Still in Tamil Nadu, Coimbatore plays a vital role in coconut production, but at the mean time it slowly losing its position because of unremunerative price. Further, the average age of the coconut palm is decline stage, so its productivity is coming down from the year 2008-09 onwards. In this situation, the policy makers and other stakeholders are urging to take necessary steps to boost up coconut cultivation practices in the study area. As the consumer price for a coconut farmer is getting very low (41 per cent share only), it clearly shows that the marketing system is not favorable to the farmers. If the government takes necessary steps to regulate coconut marketing process and gives, financial assistance to make value added products from core products it may encourage the coconut production.

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