



PROBLEMS AND PROSPECTS OF COCONUT MARKETING IN KARNATAKA STATE: AN ECONOMIC ANALYSIS

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ABSTRACT

Present study intends to inspect the Coconut and copra marketing and problems associated in the marketing process of the products in Karnataka state. Karnataka state has been selected for the present study purposively. In the state, Tumkur, Hasan, Chitradurga, and Chikmagalur districts were selected for the study in the first stage, then two talukas from each selected districts were chosen based on maximum area under the crop. Ultimately 30 farmers from different villages from each of the talukas were selected. Study concludes that, two main marketing channels are identified in the area, of them channel-II gives more profit to the farmers; further small farmers are getting low profit and because of many intermediaries involved in the marketing process and facing the problem of low return, storage, transport, high cost of inputs, lack of irrigation facilities etc.

KEYWORDS: Coconut, Agriculture, Areca nut, Cocoa, Oil palm, Tea, Coffee

I. INTRODUCTION

Agriculture can work in concert with other sectors to produce faster growth, reduce poverty, and sustain the environment. Of late, agriculture sector has become more diverse and there is more emphasis on cash crops particularly horticultural crops. India is bestowed with varied agro-climate, which is highly favourable for growing a large number of horticultural crops. Plantation crops, which occupied third important place in the horticulture scenario of the country, are high value crops of great economic importance. The major plantation crops are, Coconut, Cashew nut, Areca nut, Cocoa, Oil palm, Tea, Coffee and Rubber. Of total plantation crops, Coconut accounted for 60.1 percent and 90.43 percent, (2007-08) of total production and area respectively in India.

Coconut (Cocos nucifera L.) palm is considered as the benevolent and benign tree which provides food, drink and shelter to mankind, and it is grown in 93

countries in the world in which, India stands first by producing 14.74 billion nuts from an area of 1.94 million hectares with maximum productivity at the global level. Coconut, Copra and tender Coconut command a great demand in view of their traditional, medicinal, industrial and many other end uses like hair oil and body oil, apart from this, Coconut shell is used in manufacturing various commercial products besides as a strong building material and making furniture, etc. Therefore Coconut plays an important role in view of their export potential as well as domestic requirements and in employment generation and poverty alleviation. It is the source of permanent income to nearly 5 million farm families and contributes more than Rs.8900 crores to the country's GDP apart from an export earnings of Rs.795 crores. Coconut industrial sector alone generates more than 340 million rupees. Hence, Coconut is called as the Kalpavriksha (Tree of Paradise) in India. Therefore, present study intended to concentrate on *economics of Coconut marketing*.

Table No: 1 Export of Coconut and it's by products from India to various countries.

S.No.	Items		Exported to
1	Coconuts (Fresh)		Bangladesh, Nepal, UAE, Kuwait, Mauritius, Qatar, Netherlands, Bahrain, Saudi Arabia, Germany and UK
2	Coconuts (Dried)		Italy, Oman, Kuwait, Saudi Arabia, Spain, UAE, Iran, Mauritius, UK, USA, Nepal, Canada, Japan, Hongkong and Russia
3	Copra		Germany, Iran, Oman, Pakistan, UAE, Malaysia and USA
4	Desiccated Coconut		Afganistan, Argentina, Kuwait, UK, Brazil, Italy, Japan, Spain, Sudan, Oman, Saudi Arabia, Qatar, UAE and USA
5	Coconut Oil	a) Crude Oil	Australia, Bahrain, Bangladesh, Jordan, UAE, Oman, Kenya, Kuwait, Nepal and Saudi Arabia
		b) Refined Oil	Bangladesh, Bahrain, Brazil, Italy, Kuwait, Nepal, New Zealand, Oman, Saudi Arabia, USA and UK
6	Oil Cake (defatted)		Malaysia and Nepal
7	Coconut Shell (raw)		Canada, Italy, Japan, Kuwait, Saudi Arabia, Spain, Sri Lanka, Sweden, UK and USA
8	Shell Charcoal		Bhutan, Germany, Oman, Saudi Arabia, Italy, Singapore, Sri Lanka, Kenya, Netherland, Malaysia, Mauritius, Japan, USA, UAE and UK
9	Shell Hukah		Bahrain, Germany, Spain, Sri Lanka, Pakistan, Italy, USA and UAE

Source: Indian Coconut Journal, Jan. 2003, p.32.

The contribution of coconut in manufacture of number of products, in employment generation, to GDP, to foreign exchange reserves, and etc, clearly shows its important contribution to the Indian economy in general and Karnataka economy in particular. Hence, the present study intended analysis of economics of coconut marketing in Karnataka State.

II. REVIEW OF LITERATURE

Many studies have been conducted by the researchers in the past on different farm products in general and Coconut in particular, some of the important studies, related to Coconut and other similar kind of farm products have been presented below.

Annesh Naik (1993), study was conducted in Bijapur District of Karnataka state on Onion production and marketing, and identified two major channels of marketing of Onion that are,

- 1) Producer seller '! Village Merchants'! Regulated Markets '! Whole seller/Retailer '! Consumer.
- 2) Producer seller'!Regulated markets '!Whole seller/Retailer '!Consumer.

Channel 2nd was found to be the most efficient one from the point of view of better returns to producer-seller.

Hiremath (1993), a study was conducted in Bijapur district of Karnataka on lime rehards. This study fund only one marketing channel was identified that is, as follows,

Producer'!Commission Agent'! Traders/Retailer'! Consumer.

Suryaprakash (1979), studied price spread of selected agricultural commodities in Karnataka and identified following marketing channels of Coconut,

1. Producer '! Commission agents '! Traders '! Consumers.
2. Producer'!Village merchants '! Commission agents'!Traders '! Consumers.
3. Producer '! Village merchants'! Traders '! Consumers.

Rghupathy (1979), used the techniques of project evaluation to find out the economic feasibility of investment made on Coconut. The evaluation was done to know the competitive economics of Coconut production with no cultivation practices and with regular cultivation and manures, fertilizer application. The discount rate chosen was the lending rate of Co-operative Banks for long term loan prevailing during the study period initial investment and operating costs. The results of benefit cost ratios, internal rate of returns and net present worth evolved that all the project were economically viable.

III. MATERIALS AND METHODS

In India, Karnataka state ranked second both in terms of area and production of coconut. Hence, Karnataka state has been selected purposively for the study. In the state four major coconut growing districts namely Tumkur, Hasan, Chitradurga, and Chikmagalur were selected. These four districts shared more than 43 percent of total state coconut production from 56 percent of the total coconut area under coconut cultivation. Further, two major coconut growing talukas from each district are selected. Finally, are selected 60 farmers from each tauka are selected got accessed the primary data for marketing analysis. Further, simple percentages and tabular technique are employed to analyse the data.

IV. RESULTS AND DISCUSSION

In Tiptur and Turuvekere talukas of Tumkur district most of the farmers are undertaken copra making hence Tiptur taluka was identified as the main copra marketing terminal, and in Arasikere and Channrayapatna talukas of Hasan district, most of the farmers are selling coconut in the form of de-husked coconut, on account of this, Arasikere market was identified as the main Coconut market in Karnataka state. Further, Tiptur and Turuvekere talukas in Tumkur district are well-known for its contribution to the state coconut production and production of best grade 'milling copra' at the global level.

In the state Coconut produce is selling through different phases. In the village, local village traders collect coconuts from the farmers. Majority of the small and medium farmers prefer to sell their produce to the local village traders because village traders operate in the local areas, which is close to them to facilitate personal contacts. Besides, they provide advance money to the farmers, on demand, this necessitates to the farmers to sell the produce to them at the lower price. Then local village traders assemble the produce purchased from the farmers and pass them to the wholesalers in the assembling market. At the same time, wholesalers purchase coconuts both from the local village traders and farmers. Large farmers directly contact the wholesalers and sell their produce at the fair prices. They are in a position to take advantage of the better price offers.

The wholesalers transport the stock to the terminal market, when they accumulate enough stock. At the terminal market, the wholesalers deposit the coconut in the godown of commission agents and hand over the task of selling of the produce to the commission agents. The commission agents make payments of about 60 per cent to 80 per cent of the market value of the coconuts deposited by the wholesalers. The commission agents do not charge interest on this payment, if the produce is sold within agreed period normally a week. If the stock remains unsold, for more than the agreed period, interest may be charged, for the excess period. The duration of the interest-free stocking period and rate of interest charged normally depend on the business relations that exist between them. The commission agents have to locate suitable buyers with price offers that are acceptable to their clients. The buyers are either exporters or wholesalers sell them domestically. The commission agents get a commission for their services.

Most of the farmers of the large category are themselves wholesaler in the study area, and processing the coconut product to get fair prices. Hence, large farmers are getting better returns on the investment on the coconut gardens, but in case of small farmers, benefit is very low due to selling the same quality product but at small quantity to the wholesaler/money lender or even to the large farmers who are involved in the business. Because of, many intermediaries involved in the marketing process, small farmers give up some benefit. The following important marketing channels are identified they are,

- 1) Village Trader '! Wholesaler '! Commission agent '! Processing unit '! Retailer '! Consumers,
- 2) Wholesaler '! Commission agent '! Processing unit '! Retailer '! Consumers.

Further, study found that, about 80 percent of the small farmers are selling the produce through 1st channel and rest of them through 2nd channel but in case of large and medium farmers about 90 percent of them selling through 2nd channel.

V. PROBLEMS FACED BY THE COCONUT GROWERS IN THE STUDY AREA

The present study found that, farmers are faced the incidence of pests and diseases, high cost of inputs, lack of irrigation facilities, shortage of trained tree climbers and lack of scientific knowledge, price fluctuations, lack of market information, inadequate storage facilities and intermediaries exploitation. It was observed that small farmers are more exploited than that of medium and large farmers in the study area.

VI. CONCLUSIONS

Study concludes that, two main marketing channels are identified in the area, of them channel-II gives more profit to the farmers; further small farmers are getting low profit and because of many intermediaries involved in the marketing process and facing the problem of low return, storage, transport, high cost of inputs, lack of irrigation facilities etc. Large farmers are getting better prices for their produce than that of small farmers, because of selling value added Coconut products directly the wholesaler at huge quantity. Further, study revealed that second channel of marketing which was identified was more beneficial to the farmers.

VII. REFERENCES

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