A Study on Export Promotion Scheme by Coconut Products

A Conceptual and Empirical Analysis

Mr. THIYAGU. S, Mr. MURUGAN NAGARAJAN. K,

MBA Student,

Sathyabama Institute of Science and Technology, Chennai.

Dr. LAKSHMI .C,

Assistant Professor, School of Management Studies,
Sathyabama Institute of Science and Technology, Chennai.

ABSTRACT

This study explores the export potential and performance of coconut and its by-products, with a focus on global demand, trade dynamics, and value addition processes. Coconut, often referred to as the "tree of life", offers a wide range of by-products such as coconut oil, desiccated coconut, coir, copra, activated carbon, and coconut water, all of which have seen rising demand in international markets. The research analyzes historical export data, major importing countries, key players in the global market, and government policies that influence trade. Challenges such as price volatility, supply chain inefficiencies, and competition from synthetic alternatives are also examined. The study concludes by suggesting strategies to enhance export competitiveness, including technology adoption, value-added product innovation, and stronger market linkages. This research aims to provide insights for stakeholders to harness the full potential of coconut exports and contribute to sustainable agricultural and economic development.

KEYWORDS- Coconut exports, Coconut by-products, Value addition, Global trade dynamics, Agricultural exports, Coconut oil, Desiccated coconut, Coir industry, Copra trade.

INTRODUCTION

The coconut tree, often referred to as the "Tree of Life," holds immense cultural, economic, and agricultural significance in many tropical countries. Among them, India ranks as one of the largest producers of coconuts, with states like Kerala, Tamil Nadu, Karnataka, and Andhra Pradesh leading the way in cultivation and processing. The coconut industry in India is not only vital to the livelihoods of millions of farmers and workers but also contributes significantly to the country's export earnings through the trade of a wide array of coconut-based products.

Coconut and its by-products are highly versatile and find applications in food, cosmetics, health supplements, industrial goods, and household items. Products such as coconut oil, copra, desiccated coconut, coconut water, virgin coconut oil, and coir fiber have established demand in both domestic and international markets. The growing global shift toward natural, organic, and plant-based products has further increased the potential for coconut-related exports. Recognizing this opportunity, governments and trade bodies have implemented various export promotion schemes aimed at boosting the visibility and competitiveness of coconut products in foreign markets.

Export promotion schemes are strategic initiatives that provide financial support, policy incentives, and infrastructural assistance to producers, manufacturers, and exporters. These schemes often include subsidies for quality certification,

reimbursements for international marketing, support for participation in global trade fairs, and assistance in improving packaging, branding, and logistics. In the context of the coconut industry, such schemes are particularly significant, given the challenges posed by fluctuating international prices, high production costs, limited processing facilities, and competition from other coconut-producing nations.

Research Objectives:

- **Examine global trends in coconut exports**: Investigate the growing international demand for coconut and its by-products.

- **Identify major markets for coconut products**: Pinpoint key regions driving the consumption of coconut oil, desiccated coconut, coir, and other coconut derivatives and explore how coconut exports affect the economies of major producing countries.

- **Address challenges faced by coconut exporters**: Highlight key hurdles like price volatility, supply chain inefficiencies, and competition from synthetic products and to propose strategies to boost coconut exportation for suggest solutions to enhance export performance through innovation, technology, and stronger market connections.

Structure

To achieve these objectives, this paper is structured as follows:

- **Literature Review:** Coconut is a crucial tree crop in India, contributing significantly to the economy, with over ₹83,000 million to the GDP and substantial foreign exchange earnings from exports. It is grown across 1.90 million hectares, with Kerala being a major producer. The coconut industry supports millions of people through farming, processing, and allied industries, particularly benefiting women workers. Despite challenges like price volatility and supply chain issues, there is immense potential for growth through innovation and expanding global markets.

- **Conceptual Framework:** The conceptual framework for this study aims to outline the key components and variables involved in the analysis of the coconut industry, with a specific focus on its export potential, performance, and challenges. The framework helps to visualize the relationships between different elements influencing the export of coconut and its by-products.

- **Methodology:** Methodology is a way to systematically solve the research problems. It may be understood as a science of studying how research is done scientifically. It includes the overall research design, the sampling procedure, data collection method and analysis procedure.
- **Results:** The tremendous increase in area, production and productivity during the period can be attributed to remunerative price, availability of improved inputs including quality planting materials and the results of developmental work initiated by the Coconut Development Board. Then in 2022-23 the reduced area under cultivation is due to coconut oil prices on the fall. The rise in the price will lead to an increasing trend again.

- **Policy Recommendations:** To enhance the export potential of coconut and its by-products, policies should focus on fostering technological innovation, improving processing infrastructure, and strengthening market linkages. This includes investing in modern processing technologies, expanding export hubs, and creating digital platforms for direct connections between farmers and global buyers.

- **Conclusion:** The coconut industry holds vast untapped export potential. Through this study, an attempt is made to bridge the gap between policy intentions and practical outcomes, and to offer insights into how export promotion initiatives can be strengthened for sustainable and inclusive growth in the sector.

LITERATURE REVIEW

2.1 Globalization and Financial Integration

Coconut is an important tree crop with diverse end-uses, grown in many states of India. In India, coconut is grown in an area of 1.90 million hectare, producing 14744 million nuts with a per hectare productivity of 7747 nuts. Kerala's share in area as well as production of coconut in the country is declining over time. Coconut contributes to more than rupees 83,000 million to the country's GDP and about 6 per cent to the edible oil pool. Similarly, the industry helps to earn foreign exchange to the tune of Rs.13,000 million per annum by exporting coconut and coconut products. About 10 million people are dependent on coconut farming and its allied activities. Besides, coconut is a perennial source for raw materials to a number of other industries like oil milling, coir and coir-based industries. Much potential exists for shell charcoal, shell powder, coconut milk powder, etc. Coconut processing and allied industries provides continuous employment to nearly 8 lakhs workers of which 80 per cent are women folk.

At Coimbatore District, the wholesalers deposit the coconut in the godown of commission agents and entrust the task of selling the coconuts to them. The commission agents make an advance 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 advance, if the sale is effected within 3 days. If the stock remains unsold for more than 3 days, interest is 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 secondary wholesalers. The commission agents get a commission for their services.

WORLD COCONUT SCENARIO

The coconut, having originated in South East Asia including Australasia appears to have dispersed eastwards along the Pacific and further in to America, towards the West. It moved to India and Madagascar over the calm tropical waters. Although, it was often considered as an ocean-dispersed nut due to its sustenance viability in sea water for over 100 days, sea travelers were also responsible for the worldwide introduction and propagation of coconut plantation. This is significant from the fact that Spaniards introduced it into West Indies and southern shores of the Caribbean Sea and the Portuguese introduced it to Bahia and other parts of Brazil. Polynesians sea-farmers further spread it to different Islands of the Pacific. The Arabs disseminated it on the African coasts and maritime Tamils together with the Mariners of the Bengal coast distributed it into the lands of the Indian Ocean.

COCONUT PRODUCTION RISING IN TAMIL NADU

Tamil Nadu accounted for 14 per cent of the coconut production in 1950-51 and this had now risen to 28 per cent, with a production of 2,374 million nuts from about 407,000 hectares. Water scarcity and labor shortage were the main factors that hindered further increase in the cultivated area. With coconut trees remaining largely unaffected by the tsunami, there was a great demand for coconut seedlings for large scale planting. He said that scientists ought to carry out resistance breeding work in collaboration with other coconut research stations, in view of the entry of eriophyid mite and wilt pests from Kerala into Tamil Nadu.

Labor-saving machinery and tools, especially coconut harvesters, could overcome shortage of workers. Production of coconut is "steadily increasing" year by year in Tamil Nadu,

C. Ramasamy, Vice Chancellor, Tamil Nadu Agricultural University (TNAU), said here recently. About 100 scientists of the University participated in a two-day `Palm Scientists Meet' organized to take stock of research projects undertaken during the last two years and also to plan research strategies for the forthcoming years. Prof. Ramasamy said that coconut occupied a special place in the economy of the State, much similar to rice. The area under coconut cultivation and the number of nuts produced had been going up.

COCONUT PRODUCTION IN COIMBATORE

At a seminar, `Coconut for Health' here recently, experts and officials called for a change in the mindset among doctors, especially cardiologists and dialectologists, on coconut oil. They called for eliminating the "myth" that the oil was bad for heart. The meet was organized by the Coconut Development Board and Tamil Nadu Agricultural University to popularize coconuts and various products made from it. Experts and Government officials involved in coconut promotion spoke so much in support of the crop that State Minister for Food Cooperation Pollachi Taluk V. Jayaraman even remarked that hereafter he would be tempted to use the oil even in dishes that actually did not need it. Inaugurating the meet, Mr. Jayaraman called upon the board to establish its office in Pollachi Taluk as it was a big coconut region. Former Minister for Backward Classes S.M. Velusamy called for measures to help coconut growers avoid crisis and get good price for the product. In his keynote address, former Vice-Chancellor of Manipal University B.M. Hegde blamed the medical campaign against the oil on the myth created by the West decades ago. "Unfortunately, the Government does not seem to do much to do away with the myth." Chairperson of Coconut Development Board

Minnie Mathew pointed out that coconut oil continued to be the largest used product despite the odds faced by the growers, such as mite attacks and fluctuating prices.

When compare to other district of Tamil Nadu, huge number of coconut producer are there in Coimbatore district. at the same time 2, 29, 249 coconuts producers are there in the year of 2023 – 2024. it is gradually increased as 2, 54,364 producer in. the following table shows that numbers of coconut producer are there in district of Coimbatore.

SCHEMES OF COCONUT DEVELOPMENT BOARD

- Production and Distribution of Planting Material.
- Expansion of Area under Coconut.
- Integrated Farming for Productivity Improvement.
- Technology Demonstration.
- Market Promotion & Statistics.
- Coconut Palm Insurance Scheme.
- Information and Information Technology.
- Replanting and Rejuvenation of Coconut Gardens.

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problems. It may be understood as a science of studying how research is done scientifically. It includes the overall research design, the sampling procedure, data collection method and analysis procedure.

Research design

The Research design used in this study was descriptive research design. It includes surveys and fact-finding enquiries of different kinds. The major thrust area of the present research was to study the field cultivation of coco.

Sampling method

The sampling used for the study is convenient sampling. This sampling is selected by the researcher for the purpose of convenience to access. A pilot study is conducted to validate the questionnaire and to confirm the feasibility of the study.

Based on the pilot study, the questionnaire is modified suitably to elicit response from the sample group. In this study was conducted with 150 Coconut Cultivators in Coimbatore District using convenience sampling method.

Coconut Palm Insurance Scheme (CPIS)

Coconut cultivation subjected to risks from climatic changes, natural disasters, pests, diseases etc. and, at times, entire coconut cultivation of a region, gets wiped out due to natural calamity or onset of pest attack. Coconut is a perennial crop and losses suffered by farmers due to damage of this crop, are material and needs to be addressed.

Coconut palms are perennial crops, but palm trees are characterized by periodic system of crop setting and outcomes and hence resemble seasonal annual crops and should, accordingly, eligible for insurance cover. Since coconut is cultivated under rain-fed management and is susceptible to biotic and a-biotic stresses, it is necessary to minimize risk faced by coconut farmers, predominantly small and marginal, by covering coconut palms with an insurance scheme.

Risks covered:

The scheme covers following perils leading to death / loss of palm or palm becoming un- productive:

- Storm, hailstorm, cyclone typhoon, tornado, heavy rains.
- Flood and inundation.
- Pest and diseases of widespread nature causing, irreparable damages to palm, accidental fire, including forest fire and bush fire, lightening.

SUGGESTION

Based on the analysis of the study the following suggestions are made to improve the cultivation and marketing of coconuts in the study area.

- The coconut products seller are buying credit basis from commission agents. This type of purchasing is reducing retailer's profit. Behalf of this, they may stat coconut product manufacturing unit to earn more profit.
- The coconut product seller may barrow required loan from commercial and co- operative banks.
- Coconut product sellers may do weekly market sales, whole sale, and export. It will increase products.
- The central and state governments may provide subsidy schemes, loan priority and frequent training programme. They may encourage coconut products export marketing. It will increase foreign money.
- Some of the farmers informed that they do not have adequate knowledge about the diseases and the pesticides for controlling the diseases. Hence the government if possible should arrange for an awareness programme to the farmers regarding the diseases and also the pesticides to control the diseases in the coconut tree.
- The coconut products are in great demand in domestic and international market. So the farmers should be educated about the manufacturing of the value added coconut products to increase the earnings.
- Few respondents informed that they face problems due to lack of adequate storage facility to keep the coconut after harvesting. Hence the government may try to provide storage facility to the farmers cultivating the coconut at a reasonable hire charges.

CONCLUSION

Coimbatore District plays a vital role in coconut production, at Tamil Nadu. At the mean time it slowly loses its position because of unremunerative price. Further, the average age of the coconut palm is in decline stage, so its productivity is reduced. 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 farmers getting very low, 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.

Coconut play a vital role in offering more employment opportunities to the rural people and it is a profitable venture for all categories of farmers in spite of their high initial investment and the fluctuating nature of nut price. Hence, it deserves a planned and continuous attention from the various stakeholders.

Reference

- **J Nehru Naik and Dr. G Nagaraja (2024)**, "A study of coconut cultivation and marketing in Ambajipeta Taluk, East Godavari district A.P", International Journal of Applied Research, Vol 3, Issue 1, pp. 160-168.
- **Meena Narendr Kumar and Naik S. S (2022),** "A Study of Marketing of Coconut in Raigad District of Maharashtra", International Journal of Agriculture Sciences, Volume 9, Issue 12, pp.-4033-4036.
- **Dr. G. Bhoopathy (2019),** "A Study on Marketing Problems of Coconut with Special Reference to Coimbatore District", International Journal of Engineering Research and Modern Education, Volume I, Issue II, pp.59-69.
- **Venugopal .P and P. Sangeetha (2016),** "Coconut Products Marketing Problems in Coimbatore District", International Journal of Current Research and Development, Vol 4, Issue 1, pp. 39 – 50.
- **Prof. M. Chinniah and G. Suresh (2013),** "Coconut Marketing in Coimbatore- An Empirical Study", Paripex - Indian Journal of Research, Volume : 3, Issue : 5, pp.115- 117.
- **Niraj Kumar and Sanjeev Kapoor (2010**), "Agricultural Economics Research Review", International Journal of Trend in Research and Development ,Vol. 23, Issue 1, pp. 411-418.