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## **THE CURRENT TRENDS IN COCONUT TRADING AND TECHNOLOGY AN IMPACT ON TUMKUR DISTRICT**

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### **ABSTRACT**

The coconut palm is the most useful palm in the world. Karnataka is the second state, next to Kerala, having largest area under coconut cultivation and coconut production in India. Tumkur is the largest coconut producing district in Karnataka. Nearly one third of area under coconut cultivation and production in Karnataka is contributed by this district alone. Coconut palm density for the district is found to be 133 per Ha, where as the bearing palm density is 125 per Ha. Bearing palms in the sample gardens selected constitute to 94 per cent of the total palms. Estimated per palm yield for the district is the second lowest in the state, which is just above Chikmagalur.. Production of coconuts in Tumkur in 2012-13 is estimated to be 6608 lakh nuts, the highest in all districts due to large coconut area. Coconut palm density for the district is found to be 133 per Ha, where as the bearing palm density is 125 per Ha.

Tumkur Important crops like paddy, areca nut, coconut are grown under bore well and open well irrigation. Coconut plantations occupy around 122,500 ha in Tumkur. Red soils dominate the district with a total area of 386, 531 ha and sandy loams are spread out in the district over 209, 743 ha. The Minimum Support Price Assuring a remunerative price for coconut will motivate the farmers for better management of gardens and for that, product diversification is a must. Creation of infrastructure in organized mode like establishment of coconut parks will increase the processing of coconut.

I. Introduction II. Objectives III. Methodology IV. Review of literature V. Effects of coconut price crash on buyers VI. Minimum support price criteria VII. Encouraging farmers towards on-line trading and techniques VIII. Conclusions

In recent years, improvements in cultivation practices and breeding have produced coconut trees that can yield more. An attempt is made in this paper to analyse the production and marketing of coconut in Tumkur district. The Coconut growers are demanding support price again and again. Recently Copra was burnt on the streets at various places like Tumkur, Tiptur, Gubbi, Chikkanayakanahalli, Hosadurga and other places in Karnataka State.

**KEYWORDS:** Coconut Cultivation, Coconut Production, Coconut palm, Marketing, technology. Minimum Support Price

## **I. Introduction**

Though India' share of the world's coconut acreage is seventeen percent, it produces 32 percent of the world's 73 billion nuts because productivity per hectare is two and half times more than the next big producers – Indonesia and the Philippines. Coconut palms are generally towering, rising up to a hundred feet and go by names like west coast, east coast, Tiptur, Gangabondam and Benaullim with the suffix 'tall' added to them.

Tumkur is a multi -product cluster with 6 major areas of concentration i.e. Nittur, Thyagattur, Adalagere, Tiptur, Kunigal and Mallasandra. The focus products proposed to be made ranges from high end value added products like particle boards, modular furniture in Nittur, bare block mattresses in tiptur, eco-friendly pith block and manure in Thyagattur to intermediary product of curled coir in Adalgere. This multi-product nature warrants different machinery, infrastructure requirement and thus cannot be made under one roof. This crop occupies one third of whole cultivated land of the district. Rice -unhusked rice or paddy is grown in all taluks of the district. There are 1462 minor irrigation tanks in t he district irrigating 57,132 hectares of land.

The manufacturing units procure raw materials from coconut farmers. Some local traders

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supplies raw materials to these manufacturing units and in returns they procure the finish products. Considering the huge production of coconut husk in the region, individual artisans and ITI graduates can be encouraged to set up their one de- fibber and yarn making units with advanced machineries.

In view of the changed scenario in the coconut sector, it was felt necessary to revise the report on production and marketing of coconut and make fresh appraisal of the changing pattern of coconut production, trade and its ancillary industries. The trade in tender coconut in the state is very popular, as tender coconuts have fairly good demand in most of the cities apart from the demand from the upcountry buyers. It has been observed that along the busy state highways and national highways like Bangalore – Mysore, Bangalore – Pune, etc, temporary retail sales outlets for tender coconut have been established at different points to meet the demand of tourist and other travellers. A large number of cycle hawkers are also involved in the retail selling of tender coconuts. Tender coconuts of Tiptur Tall variety is normally used for this purpose. Coconut farmers in the country have adopted indirect mode of disposal of their produce. However, rich farmers prefer to trade through direct channel, as a result the role of intermediaries or middle men is seen prominently in the marketing channels of coconut.

## **II. Objectives**

1. To know the impact of advance technology on coconut trading
2. To understand the capabilities of farmers to adopt the innovative skills in coconut trading
3. To identify the role of coconut development board in enhancement of technological awareness to the farmers

## **III. Methodology**

The study is based on both primary and secondary data. The primary data has been collected through the systematic observation and interaction method. The Secondary data has been collected from Concerned Organizations /Departments/ Institutions of government and Nongovernment organizations of various aspects including production, processing and marketing. Coconut Board, Department of Agriculture and Horticulture, Journals, National

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Horticulture Board (NHB),

#### **IV. Review of literature**

Jeemol -1983, made a detailed study on the changes in the cropping pattern of Kerala from 1960-61 to 1978-79 in which major emphasis was given to the substitution of coconut for rice. Since paddy is a highly labour intensive crop and coconut is a garden crop a shift from paddy to coconut was given more importance. The study was based on secondary data and district wise analysis of change in gross and relative area under paddy cultivation was found out.

Mack 1991 and UNESCO 1979 found that grazing cattle under coconuts also requires the farmer to learn additional techniques associated with animal husbandry and pasture management. However, in many countries including India these systems have been poorly understood and this may be due to lack of knowledge and skill, land tenure, farm sizes, availability of labour, household position, tools/equipment availability, product prices, input costs, technology, marketing costs, distribution channel preferences and so on. Reviewing the various constraints to the adoption of improved farming system.

According Ashby, 2001, In addition, commercial farming systems are a threat to the environment through a loss of genetic diversity and the possible negative impacts of these systems and their associated inputs. Simultaneously, a holistic approach becomes essential for increasing raw material availability and evolving efficient processing and marketing strategies in rural areas to empower women. The essential requirements in these directions are production increase at farm level, linking farmers to the market, organic management of coconut farming, adherence to international quality, farm level and community level possessing, market promotion, and encouragement in coconut-based ecotourism.

According to [Subramanyam and Sudha \(2004\)](#), it was found that the small cultivators have allotted more cultivable area toward seasonal horticultural crops, whereas the medium and large cultivators have diverted considerably higher area for perennial horticultural crops

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compared with that of the small farmers in Karnataka.

## **V. Effects of coconut price crash on buyer**

Despite the price crash the buyers seems to be hesitant to purchase the coconut products. More over sever competition from the supplementary products like palm oil and sunflower oil. "Many consumers, especially the salaried class, have started using sunflower oil and palm oil. The surging prices are compelling the consumers, except the hardcore fans of coconut oil or those who own coconut palms, to look at other options. As the prices of packed coconut oil are soaring, people having coconut trees in their compound are collecting coconuts, drying them and taking the copra to the millers to make oil. "Unbranded coconut oil is mixed with palm kernel oil or liquid paraffin and sold at cheaper rate.

Also affects the buyers mentality in generation. The availability of varied options replacing coconut ingredients and its use had been the changes undertaken, over the past few years ago. Lack of awareness regarding coconut sources and its worth utilization has also led to the changing mind set up of the consumers. Above all the misconceptions regarding the cholesterol contents in the coconut had also made the consumer re think over the use of coconut in their dietary practice. Certain misconceptions is related to heart problems, obesity etc.

Some buyers are happy about price down situations for coconut in the whole sale market. But it continues to remain over priced for consumers in the retail market. Though the conditions varies from place to place. But major coconut growers in tumkur district like Gubbi, tiptur, chikkanayakanahalli, will have to face price crash impact.

The trade in tender coconut in the state is very popular, as tender coconuts have fairly good demand in most of the cities apart from the demand from the upcountry buyers. It has been observed that along the busy state highways and national highways like Bangalore – Mysore, Bangalore – Pune, etc, temporary retail sales outlets for tender coconut have been established at different points to meet the demand of tourist and other travellers. A large number of cycle hawkers are also involved in the retail selling of tender coconuts. Tender coconuts of Tiptur Tall variety is normally used for this purpose.

**VI. Minimum support price criteria**

The system of on-line auction was introduced in the Tiptur (Taluk of Tumkur district ) APMC for purchase of copra two years ago. However, the farmers are not yet receiving payment on-line. The Raiths Sangha had put forth a demand that the government itself should purchase copra from the farmers at a price of Rs.15.000 per quintal. The government's decision is misleading farmers. Neither farmer leaders nor agricultural experts were invited to meeting in which the price was decided for coconuts. Instead the deputy commissioner conducting meeting with only the APMC secretaries and deputy directors of Agriculture and Horticulture Departments, which is unreasonable. The Horticulture Department has been relegated to division that gives subsidies. It is not coming to the aid of coconut growers. It is laughable that the authorities who have failed to effectively manage the administration of APMC's have fixed the price for coconuts. Therefore the deputy commissioner should call a meeting of farmer leaders and Agriculture experts and then determine the price.

**Procurement of Copra under MSP 2007-2012**

Sl. No	Year	MSP (Minimum Support Price) All India
1	2007-08	12010.000
2	2008-09	490.000
3	2009-10	61281.000
4	2010-11	30600.000
5	2011-12	343.000
6	2012-13	33369.405

Source -Indian Coconut Journal August 2012

NAFED is the national level agency responsible for the PSS operations in the country. State designated agencies are appointed as nodal agencies of the states by the respective State Governments who are responsible for the procurement operations in that state. In the year of 2007-08 Rs.12010 and 2012-13 Rs.33369.405 given the Minimum Support Price of the coconut growers.

The government need to plan to open centres of the National Agriculture Co-operative Marketing Federation India Limited at Chikkanayakanahalli, Tiptur, Tumkur, Gubbi and Kunigal and start procuring copra from coconut growers. The National Agricultural Cooperative Marketing Federation of India Limited (NAFED) and National Cooperative Consumer Federation of India Limited (NCCF) would continue to act as Central Nodal Agencies to undertake price support operations at the Minimum Support Prices in the Coconut growing states. Keeping in view the demand supply situation, market prices and increase in cost of production.

The price trend in India showed that the ball copra generally fetched more price than cup and milling copra. Similarly, the edible copra fetched even higher prices than that of milling copra. Since copra prices is subjected to wide fluctuation Government ensures the remunerative price to the farmers by declaring Minimum Support Price (MSP) as a result some time it was observed that the price of ball copra remained above the Minimum Support Price (MSP), though the prices of coconut declined in the market. The other factor which affects the prices of copra in the markets are harvesting of tender coconuts, increase in demand, resumption of future trading and or combination of various factors such as demand-supply imbalancing, availability of cheaper substitute.

Since, coconut oil is an important product of coconut demand, the prices of coconut oil moves in close sympathy with that of other vegetable oils. The other features which affect the prices of coconut oil are the end uses of coconut oil and their responsiveness to the prevailing prices, Government in execution from time to time; do affect the price determination process of coconut oil.

#### **VIII. Encouraging farmers towards on-line trading and techniques**

The coconut development board has to go for online trading system for APMC. For this it is necessary to take up suggestions from technical experts and inside the district. But farmers also need to be aware of the method to be adopted otherwise it is difficult for them to approach

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to the online trading system.

According to farmers leaders unless and until the illegal trading of coconut is controlled this system does not holds good. More over to establish coconut Tech Park it is essential to identify the appropriate land facility. Good numbers of business men take over the initiatives to come forward to establish it then it will be useful for the future technological development in coconut trading.

Since chikkanayakanahalli and tiptur 70-80 acres of land area has been identified so far. But to the requirement other 110 acres of land need to be identified. But the prevalence of forest area at this juncture many be restriction to move ahead to acquire. For the better solutions it is good to involve professors from ISEC( institute for social economic change) who can contribute towards its knowledge of application.

Task force is also essential to monitor the system so as to avoid corruption in the online trading circumstances and also abide by the rules of APMC. This will avoid the interruption by the middle traders and certain rules need to be introduced which will check the issues concerning the illegal trading which are punishable at the right time. In this kind of innovation ideas the farmers will have the opportunities to educate themselves regarding advancement in coconut trading.

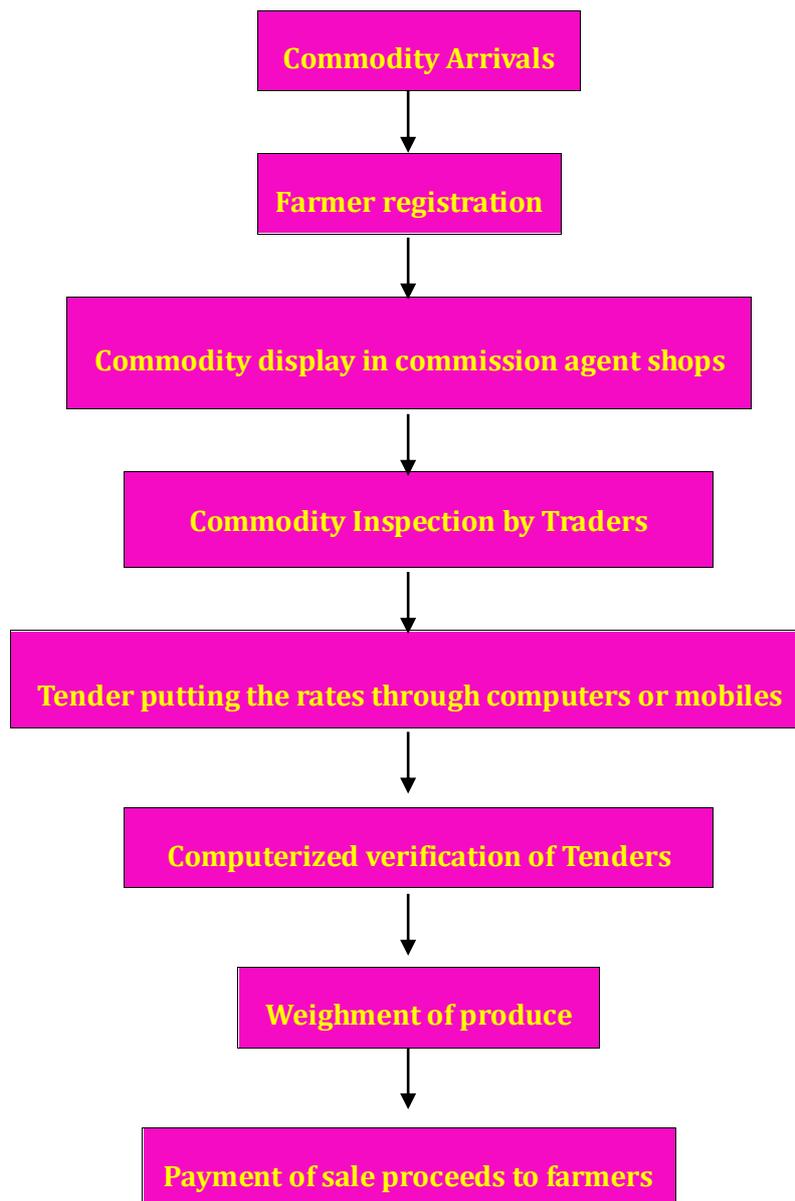
In the Tiptur markets cater to the ball copra which is exported market is mainly trading the tender coconuts which are sent to other states for consumption of tender coconut water. about 60 per cent of coconut production in Karnataka is used in domestic items and remaining is dried as copra, most of the copra arriving to the markets is dispatched to other state, where the Karnataka copra is in great demand. The coconut utilized for commercial product preparation is only to the extent of 35-40 per cent, while 55-60 per cent is consumed for food and beverage purposes.

The tender coconuts are sorted out at the retailer level according to their size. Since, bigger the coconut higher the price due to consumer preference and belief that it contain more quantity of coconut water. The assembling and distribution of tender coconut throughout the country is almost uniform and involve producer, contractor, itineray merchants, wholesalers,

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retailers and hawkers. Farmers of the main coconut growing areas generally sells tender coconuts at the farm or gardens to itinerant merchant, wholesaler or retailer.

**Following figure shows the Process of Electronic Tender System of Sale in Agricultural Produce Market Committees**



E-Trading system is further improvement over the e-Tender System because now all the markets in the state are linked to each other and a trader with a single license can buy any

commodity he wants, by quoting his rates online. Because of this not only the traders of a particular market, but also the traders outside markets in the state as well as traders from outside the state can participate in trade. Because of high competition the farmer can get more competitive price for their commodities. This e-Trading system has also brought in more efficiency and transparency in the market operations and helped create more confidence in the system of sale adopted in APMCs.

In marketing practices of tender coconut, it has been observed that the supply chain of tender coconut is simple unlike matured coconut, copra and coconut oil but highly unorganized. In the marketing channel of tender coconut it could be observed that no organized efforts are made to ensure the availability of quality tender coconuts on a continuous basis to meet the consumer demand. A substantial share of coconut production could be traded as tender coconuts, if an integrated approach was adopted for marketing of tender coconuts with Production and Marketing of Coconut in India Page 63 of 122 the active participation of various stake holders.

## **IX. Conclusions**

However, with the advent of modern technology and for faster development of coconut sector in the country, product diversification, value addition and by product utilization have gained importance, to create demand for new products and by products in domestic market, and to ensure their supply throughout the year. Further, the cost of production of the traditional coconut products in the country has been so high that pricewise, the Indian coconut products are less competitive in global market. Its contribution to export market has therefore been insignificant except the coir and coir products.

The coconut occupies a significant position in socio-cultural needs of the Indian society and is gaining considerable importance in the national economy. The improvements in the production and productivity of coconut had been on account of continuous efforts made by all the agencies involved in the process of integrated approach to improve the production and productivity of the coconuts in the country. Marketing of coconuts differs from that of other fresh fruits due to natural durability of coconuts, which are sold as fresh tender nuts as well as

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matured water nuts and dry nuts, though the marketing practices followed are similar in nature, they may differ in accordance with the post harvest practices followed by farmers of coconut and form of products consumed in that area. Coconut farmers in the country have adopted indirect mode of disposal of their produce.

Since tender coconuts are marketed for drinking coconut water, the farmers prefer to sell them immediately after harvesting without subjecting it for grading. Tender coconuts have great demands in most of the towns and cities all over the country, Kolkata, Mumbai, Chennai, Bangalore and Delhi are major consuming market for tender coconut and the major assembling markets for tender coconut are located at Kolkata, Maddurai and Mumbai.

The coconut prices vary in accordance with the quality of the nuts, the size of coconut matters much in fixing the price of matured nuts, big nuts invariably fetches higher price than the smaller nuts. However, the previous price trend had changed a lot in case of tender coconuts in today's market good quality tender coconut fetches higher price or if not then equivalent to the price of matured coconut due to higher demand from the consuming market. In areas where the coir industries are located, the unhusked coconut fetches higher prices than the husked coconut. With the growth of technology, modernization, and changes in consumption pattern.

The systematic marketing skills and better knowledge about trade management mechanism will ensure the proper quality of performance in coconut farming and technology. The role of coconut development board is very crucial to improve the trading facilities, to adopt the transparency to avoid corruption so that the coconut farmers find the better value for their produce in future.

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