

**STATE LEVEL SEMINAR ON MARKETING OF  
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PROBLEMS AND PROSPECTS  
IN TAMIL NADU**

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# MARKETING OF COCONUT - A CASE STUDY OF ADAT FARMERS SERVICE COOPERATIVE BANK LTD., THRISSUR

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## Introduction

Kerala is the single largest producer of rubber, coconut, tapioca, lemon grass oil, banana, ginger, tea and coffee besides spices and marine products. It accounts for 42 per cent of India's coconut production. Interestingly the use of coconut and its value added products both for edible and non-edible purposes are significantly higher in Kerala than any other state in India. Considering the contribution of Kerala to coconut production the Central Government had established the Coconut Development Board at Kochi to promote the procurement, processing and marketing of coconut in India.

The cooperatives in the state witnesses phenomenal growth both structurally and functionally. Though there are 1546 Primary Agricultural Credit Societies, 37 Farmers Service Societies and 249 Primary Cooperative Marketing Societies only a few are engaged in the procurement processing and marketing of coconut. The Government of Kerala organized the Kerala Kera Karshaka Sahakarana Federation

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(KERAFED) with the sole objective of developing the coconut market. The PACs are acting as agents of KERAFED for the procurement of coconut and copra.

### **Profile of the Adat Farmers Service Cooperative Bank Ltd.**

National commission on Agriculture (1973) recommended to start Farmers Service Societies to extend a package of services to the farmers. With this notion the Adat Farmer's Cooperative Bank Ltd., was formed on 26-01-1980 by the amalgamation of Puranattukara Farmers Cooperative Bank, Choorakkattukara Service Cooperative Bank and Adat Lift Irrigation Cooperative Society.

The area of operation of the Bank covers the whole of Adat Panchayat and a ward of Kaiparambu Panchayath. Adat is a small Panchayath with a cultivable area of 23.02 sq.km. Besides paddy the main crop, coconut accounts for 8.62 per cent of the total cultivable area with an annual average of 55 nuts per palm.

The main objectives of the Adat Farmer's Cooperative Bank Ltd., is to improve the living conditions and income generating capacity of the members. For which the bank undertakes the following activities:

- Undertake common agricultural operations in 2000 acres of Kole lands. The kole lands are situated below the sea level. The bunding, dewatering and irrigation operations are done by the bank.
- Distributes agricultural inputs like seeds, fertilizers, insecticide, agricultural implements through its three permanent depots.
- Procures the entire surplus paddy from the farmers of the area at market



price and it is processed by the banks through Mini Modern Rice Mill with a capacity of 4 MT per hour. Marketing of rice is carried out by the bank itself.

- Conducts an Arecanut Market at Amalanagar with active participants of Campco.
- Purchases Coconut from growers and converts into copra.
- Banking operations (see table - 1) are carried out through six branches including two computerised branches. Safe Deposit Locker facilities are available in two branches.
- The Bank also undertakes sale of cement and consumer goods.

The above services are meant for 17,638 members. The unique feature of the society is that the membership covers almost all the 4,500 families in the area.

The present paper attempts to explore the marketing of coconut by the bank. Raw coconut is purchased from member and nonmember producers residing in the area of operation through two collection centres. The price of one kilogram of coconut is being fixed as one third market price of one kilogram of copra in Cochin Market.

Raw coconut is converted into copra in the drying yard of the bank, which was constructed with financial assistance from the Coconut Development Board.



The bank owns two driers, of which the traditional type was financed by KERAFED and the modern one was constructed out of its own funds. A Godown to store the copra was constructed with the financial assistance of KERAFED.

KERAFED was expected to buy back the entire copra of the bank. Since they have stopped procurement of copra the bank is currently selling its entire copra in the open market through tenders. The coconut business is making a significant contribution to the agribusiness of the bank.

### **Contribution of Coconut to the Local business**

The bank, true to its name, has been following an integrated approach for the economic development of its members. Unlike other PACS and FSS in the state, the bank had made concerted efforts to wave its agribusiness around the needs of its farming clientele. The procurement and marketing of agricultural produce by the bank is a real boon to the small and marginal whose marketable surplus is very small. The contribution of coconut business to the total business and agribusiness is presented in Table - 1.

The total business of the bank showed a steady and phenomenal growth during the study period. It increased from Rs.434 lakhs in 1987-88 to Rs.2891 lakhs in 1996-97, showing a growth rate of 20.80 per cent. The agribusiness of the bank, though it fluctuated in certain years, rose from Rs.62 lakhs in 1987-88 to Rs.254 lakhs in 1996-97, registering a growth rate of 15.31 per cent. But the share of the agribusiness in the total business has decreased from 14 per cent at the beginning to 9 per cent at the end of the study period.



Procurement and marketing of coconut constituted the second major component of the agribusiness of the bank. It contributed as high as 32 per cent (1988-89) and as low as 2.2 per cent (1995-96) to the total agribusiness. The wide fluctuation in the contribution of coconut business may be due to the volatility in the price of coconut in various years. The substantial decline in the share of the coconut business in recent years may be attributed to the falling market price of coconut. The share of the coconut business in the total business also showed a significant erosion in recent years from the early years of the reference period.

### **Contribution of Coconut Business to the Gross Profit**

The contribution of coconut business to the total gross profit and gross profit of agribusiness is shown in Table - 2.

The gross profit of the bank increased from 0.29 lakh in 1987-88 to 7.69 lakh in 1996-97. From the table it is clear that but for the last year 1995-96, the lion share of the gross profit of the bank was contributed by agribusiness. The share of agribusiness in the total gross profit was as high as 110 per cent and as low as 37 per cent,

The gross profit from coconut business increased from Rs.0.38 lakh in the first year to Rs. 1.01 lakh in the final year of the reference period. The percentage contribution of coconut business to the gross profit from agribusiness and total gross profit of the bank fluctuated widely over the period. Still coconut business contributed considerably to the gross profit of the bank.



**TABLE - 1**

**Contribution of Coconut to the Business of the Bank  
(Rs. in lakhs)**

Year	Deposits	Borrowings	Loans Outstanding	Turnover of Agribusiness			Total Business
				Coconut	Others *	Total	
87-88	195.58	13.96	162.23	10.34 (16.65)# (2.38) §	51.74	62.08 (14.31)•	433.85
88-89	223.00	35.40	178.79	25.65 (32.08) (4.96)	54.30	79.95 (15.46)	517.20
89-90	266.60	27.28	198.69	23.10 (27.23) (4.00)	61.72	84.82 (14.69)	577.39
90-91	302.72	29.44	211.50	5.21 (8.00) (2.20)	59.94	65.15 (10.70)	608.81
91-92	335.17	37.75	260.00	15.77 (18.80) (2.20)	68.13	83.90 (11.70)	716.82
92-93	430.63	14.03	306.09	6.74 (4.92) (0.76)	130.14	136.88 (15.42)	887.63
93-94	600.72	18.32	457.64	12.28 (9.53) (1.02)	116.55	128.83 (10.69)	1205.51
94-95	843.64	23.54	709.24	6.10 (3.35) (0.35)	176.06	182.16 (10.36)	1758.58
95-96	1109.98	26.17	926.62	5.80 (2.21) (0.25)	256.42	262.22 (11.28)	2324.99
96-97	1449.20	8.18	1179.89	10.60 (4.18) (0.37)	243.19	253.79 (8.78)	2891.06
AAGR	22.40	-----	21.60	-----	16.70	15.31	20.80
CGR		-18.60			-14.62		

\* Others denotes Paddy, Fertilizers & Chemicals, Onam fair, Seeds & Agricultural Implements

# Indicates percentage of Coconut Business to Agri-Business

§ Indicates percentage of Coconut Business to Total Business

• Indicates percentage of Agri-Business to Total Business



**TABLE - 2****Share of Coconut Business to the Gross Profit of the Bank****(Rs. in lakhs)**

Year	Gross Profit of Coconut Business	Gross Profit of Agri. Business	Total Gross Profit of the Bank
87-88	0.38 (118.75)* (131.03) §	0.32 (110.34) #	0.29
88-89	0.86 (46.45) (46.45)	1.83 (100%)	1.83
89-90	0.47 (23.27) (24.35)	2.02 (104.67)	1.93
90-91	0.38 (18.01) (25.58)	2.11 (96.35)	2.19
91-92	1.11 (27.27) (25.58)	4.07 (93.77)	4.34
92-93	0.57 (22.44) (21.11)	2.54 (94.07)	2.70
93-94	1.20 (43.01) (22.47)	2.79 (52.55)	5.34
94-95	0.89 (6.89) (6.82)	12.92 (99.08)	13.04
95-96	1.59 (42.86) (15.71)	3.71 (36.66)	10.12
96-97	1.01 (20.61) (13.13)	4.90 (63.72)	7.69

\* Indicates percentage of Gross Profit of Coconut Business to Gross Profit of Agri-Business

§ Indicates percentage of Gross Profit of Coconut Business to Total Gross Profit of the Bank

# Indicates Gross Profit of Agri-Business to Total Gross Profit of the Bank