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# A STUDY ON MARKETING OF COCONUT IN COIMBATORE DISTRICT, TAMILNADU

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### ABSTRACT

*This study intends to analyze the marketing aspects of coconut cultivation in Coimbatore district of Tamil Nadu state. Coconut farming provides employment to nearly ten million people and makes a contribution of nearly Rs 70 billion to gross domestic products (GDP). India is one of the major coconut producing countries in the world with a share of 15.65 per cent in area and 24.14 per cent in production. Coconut farmers have two channels for disposal of their coconuts. One is the direct channel and the other one, is indirect channel. Out of 345 farmers, 62.32 per cent of the farmers sold through direct local trader, 13.33 per cent of the farmers sold their coconut through direct whole seller and 24.35 per cent of the farmers*

**KEYWORDS:** *farmers, production, consumer, marketing channel*

### INTRODUCTION

This study intends to analyze the marketing aspects of coconut cultivation in Coimbatore district of Tamil Nadu state. Agriculture is known as the backbone of Indian economy accounting about 14.6 Per cent of the country's Gross Domestic Product (GDP) in 2009-10, and 10.23 Per cent of the total exports. This sector provides employment to 55 Percent of the work force.

During the medieval ages, the coconut was known as "Nix idea", the Indian nut. During the same period, it was also referred as Nargil tree, "*the tree of life*". Western literature mentioned the Malayalam name "*Tenga*" for the coconut palm which is related to Tamil "*Tennai*" and believed to have been introduced from Sri Lanka.

Among the oilseed palm trees, coconut palm hardly needs any emphasis on its multi-utility. The economic importance of this tree crop is evident from the fact that it is grown in more than 90 countries across the world in an area of 14.231 million hectares producing about 57.514 billion nuts or 10.52 million tonnes of copra. However, Philippines, Indonesia, India and Sri Lanka account about 78 per cent of the area and production. Coconut farming provides employment to nearly ten million people and makes a contribution of nearly Rs 70 billion to gross domestic products (GDP). India is one of the major coconut producing countries in the world with a share of 15.65 per cent in area and 24.14 per cent in production.

The coconut is not only significant in socio cultural needs of our society, but has also gained considerable importance in the national economy as a potential source of employment and income generation among the plantation crops.

### Marketing of Coconut

Coconut farmers have two channels for disposal of their coconuts. One is the direct channel and the other one, is indirect channel. Indirect channel is the most prominent channel adopted among coconut farmers. Based on their mode of disposal of coconuts, three types of coconut farmers have been observed. They include leaser

farmer, opportune farmers and farmer adopting mixed practices. Nearly half of the coconut farmers in general and two third of marginal and small farmers in particular have been observed adopting leasing as the mode of disposal of their coconuts.

To conclude, the coconut economy of India is in a comfortable position. India accounts about 22.34 per cent of the world's coconut production and is one of the major players in the world's coconut trade. Currently, the crop is grown in 1.91 million hectares with an annual production of nearly 13,000 million nuts. Copra processing, coconut oil extraction and coir manufacturing are the traditional coconut based industries in the country.

## OBJECTIVES OF THE STUDY

- To study the marketing channel of coconut in Coimbatore District, Tamilnadu
- To analysis the marketing problems of coconut growers in Coimbatore district, Tamilnadu

## REVIEW OF LITERATURE

**Haridas and Chandran (1995)** in their study on marketing system, Costs, Margin, Price, Spread, and Marketing Problems of coconut – A case study of coconut growers and traders in Tamil Nadu. In this study they made an attempt to study the marketing system

in terms of marketing practices such as harvesting, grading, packing, marketing channels and to study the marketing costs, margins, price spread, and effects of the variations in the consumer price on the shares of the producers – seller and the retailer and the efficiency of marketing. The important finding's of the study were, a) The share of the producer in the net retail price of Rs. 3015.18 per 1000 coconuts, b) The marketing margin to the wholesalers per 1000 coconuts is found to be Rs. 170 and the retailers share is 265.28, c) Among these problems in coconut marketing lack of finance comes first in ranking followed by lake of transport facilities and storage facilities.

**Yasotha and Padmanaban's (1996)** study on production pattern and selling behavior of coconut farmers assumes special significance since the production pattern of coconut varies from region to region due to seasonality in production on the socio economic status of coconut growers. Field survey was carried out in three villages of Nelligoundanpalayam, Pollachi North, and Ramapattinam in Pollachi Talk of Tamil Nadu. For this study a total of thirty coconut growers were randomly selected with ten cultivators in each village. The study was conducted during the year 1993. The level of production varies widely with age of three and seasonally in a year, the peak season being March, April and May. The gestation for harvest varies from 35 to 50. Longer the gestation higher the price per nut and lower the production per tree. The average number of coconut trees per acre in the study area was 83. About 15 per cent of the production is harvested in the month of March, April and May and about 36.84 per cent of production has been relied. The average nut production per month is 570. There were three major disposal of nuts with three major functionaries namely, the local traders, commission agents and whole sellers through whom the coconut growers sold their produces. The Nelligoundanpalayam farmer sold 98.13 per cent of coconuts to local traders and 1.87 per cent commission agents and none of them sold to whole sellers. The coconut growers of Pollachi North sold 73.10 per cent of nut to local traders 25.66 per cent of nut to whole sellers and just 1.24 per cent to commission agents. The farmers in Ramapattinam sold 78.94 per cent of coconut through local traders and relatively moderate sales through the whole sellers 19.53 per cent and commission agents 1.53 per cent. The primary reason is the selling behavioral of the farmers. Farmers in Nelligoundanpalayam and Ramapattinam needed to sell the nuts immediately. The next major reason attributed was either lack or high cost of transport. The farmers of Pollachi North attributed their selling behavior to better price followed by the need for immediate sales.

**Santhosh Narayanan and Latha Bastine (2004)** made their study about the nature of marketing channel, marketing

cost, margins, price spread and producer share in the consumer price of coconut. The study was conducted at Ernakulam, Pallakad and Thrissur districts in central Kerala which accounts for 21.53% of total cultivated area under coconut in state and contributes approximately 21 percentage of production.

The study included 142 farmers being selected randomly. Additionally, a survey on marketing strategy using a random sample of 24 village/copra makers, 8 oil millers,

12 whole sellers and 12 retailers was conducted. The analyses recorded 86 percentages of farmers selling nuts on the farm when compared to 14 outside. Farmers found it convenient and easy to sell the nuts in the farm itself rather than selling in the local market. More over, they got benefited from the higher bargaining capacity of such farm size. The most common marketing channel identified was producer → copra maker → oil miller → whole seller → consumer. Marketing margin and cost where worked out which revealed study that the price received by the farmer was Rs. 310 per 100 nuts, whilst the price paid by the consumer for same quantity was Rs. 512, implying a price spread Rs. 202 per 100 nuts. This means that the producers share in the consumer Rupees is 61% of the price paid by the final consumer and the price spread accounted for

39 percentages. It should not be taken that it intermediates counterproductive,

## METHODOLOGY

The data required for this study were collected from primary as well as secondary sources, the details are as follows.

### Collection of secondary data

Data were collected from various issues of the following periodicals.

- Season and Crop Report of Tamil Nadu**  
Department of Statistics, Government of Tamil Nadu.
- Economic Intelligence Service** Centre for monitoring Indian Economy Government of India
- Statistical Hand Book of Tamil Nadu**  
Commissioner of statistics, Department of statistics, Chennai.

### Collection of Primary Data

Primary data required for the study were collected from the selected respondents (coconut grower) of Coimbatore district in order to analyze the technical efficiency of the farmers.

### Selection of Respondents

Multistage sampling technique was used to select the respondents by selecting district in first stage, blocks in second stage, villages in third stage and farmer respondents in fourth stage.

Coimbatore district constituted the universe for this study. Coimbatore district was chosen purposively partly due to prominence of coconut cultivation. From the 12 blocks of the district three blocks of the district were chosen purposively and they were Annamalai, Pollachi South and Pollachi North blocks. From each blocks three villages were selected purposively. The blocks and villages selection were made based on the prominence of coconut cultivation. Disproportionate random sampling technique was used to select the farmer respondents. Due to time and resource constraints, from each villages 10 per cent of the farmers were selected and in total 345 farmers were selected.

Later, the respondent farmers were classified into three categories namely small, (Less than 7 acres), medium (7 to 15 acres) and large farmers (more than 15 acres), for the purpose of analysis. The respondents were classified into three categories based on the following criteria.

### Method of collection of primary data

A preliminary survey was undertaken with the help of interview schedule.

The schedule was prelisted and then finalized. The selected respondents were contacted in person and the information required for the study were collected. To insist confidence and to ensure their co-operation in getting the information, the purpose of the study was explained to the respondents and they were assured that the information thus collected from them would be kept confidential.

The field investigation was carried out during the month of May-July 2011 and the cross section data related to coconut production collected from the farmers were related to agricultural year 2009-10.

### MARKETING PRACTICES OF COCONUT

Marketing of coconut like that of any other horticultural commodities, nationally has two aspects i.e. the 'marketing activity', in which sellers and buyers have mutual coordination in each other's activities, where goods and services from producers move through certain channels by conscious application of marketing tools. The other aspect is the 'marketing promotional activity', which comprises gathering information, data, compilation, analyses, interpretation of the data and passing the resulted valid information to farmers, traders, business organization and other concerned agencies to facilitate marketing functions. The tools used for market promotional activities are marketing research, advertising and effective coordination between producers and consumers. While marketing promotional activities play supporting and strengthening role to the marketing activity, however, the later requires professional and commercial skill.

Marketing of coconut differs from that of other fresh fruits due to natural durability of coconuts, which are sold as fresh tender nuts as well as matured water nuts and dry nuts. Since coconut is mainly cultivated in southern states viz., Kerala, Karnataka, Tamil Nadu and Andhra Pradesh and normally in coastal area of Maharashtra, Goa, Gujarat, Orissa and West Bengal etc., The Marketing practices followed in these state are more or less similar in nature. It has been observed that they do not differ much except where the post harvest practices change on account of the farm of the coconut and coconut products consumed in that area.

Coconut farmers have two channels for disposal of their coconuts. One is the direct channel and the other one is the indirect channel. Indirect channel is the most prominent channel adopted by coconut cultivation. Direct channel is very simple while the indirect channel is very complex. Based on their mode of disposal of coconuts, the types of coconut farmers have been observed. They include lesser farmer, opportune farmers and farmer adopting mixed practices. Nearly one half of the coconut farmers in general and two third of marginal and small farmers in particular have been observed adopting leasing as the mode of disposal of their coconuts. The marginal as well as large coconut farmers with sound financial position are free from such forces compelling them to lease coconut trees. Adoption off mixed practice for disposal of coconuts is found common among large farmers. Vocational differences of the farm and differences in age and

productivity of coconut trees are the reasons attributed for following mixed practices of marketing by farmers. Absence of lease holders, low productivity as well as poor protection of trees in the farm, seasonal harvesting etc. are some of the factors forcing coconut farmers to adopt mixed marketing practices.

Matured coconuts are generally disposed by farmers in unhooked form for want of nearby markets. However, farmers located nearer to markets, dehisce the coconuts and sell them as husked nuts. Farmers, from the areas where the husks is not utilized for retting and coir purpose, store the coconuts for two to three months, particularly the nuts harvested in the monsoon season. In Kerala, Karnataka and Andhra Pradesh farmers keep nuts for several months and sell them as dry nuts for making edible copra.

The majority farmers sell the bulk crop as unhooked coconuts, still a considerable quantum of nuts are sold to consumers as husked nuts. From the marketing practices followed in the coconut and coconut product trade, it has been revealed that in-numerable intermediaries, channels, functionaries, brokers, assemblers, traders, merchants, wholesalers, institutions and retailers who involved directly or indirectly in the movement of coconut form the point of production to the point of consumption, performing various activities in the flow process, enabling movement of coconut and coconut products until placed in the hands of consumers.

### SEASONAL VARIATION IN PRICE

Unlike most other agricultural commodities coconuts are harvested several times in a year and as such prices are not affected so much by the presence of supplies at any one particular time of the year. However, the demand for coconut for copra making slackens during the monsoon months, hence harvesting of coconut in different size of nuts reaches the market. The copra content of the nuts harvested in summer months is higher than the nuts harvested during rainy season. All these facts contribute towards variation in prices of nuts in different months of the year.

The coconut prices tend to rise from October/November to March/April.

This variation in trend may be due to sustained demand for copra making which starts after the cessation of monsoon rains by October/November. Large scale arrivals of coconut starts in the season from January/February months only, the demand for copra making pushes prices to higher levels. From February onwards arrivals of nuts increase and the prices decline due to the presence of more supplies. After July though arrivals of nuts are low, their quality is below average. Further the monsoon rains hamper regular copra making and consequently the demand for nuts goes down.

### MARKETING CHANNEL

In Tamil Nadu, Coimbatore district it was observed that coconuts are marketed through different channels viz.

- Producer '! Copra Maker '! Oil Miller '! Wholesaler '! Consumer
- Producer '! Oil Miller '! Wholesaler '! Retailer '! Consumer
- Producer '! Oil Miller '! Consumer
- Producer '! Wholesalers '! Oil Miller '! Retailer '! Consumer

However the most predominant channel is from Producer '! Copra Maker '! Oil Miller '! Wholesaler '! Consumer.

**Table.1: Mode of Sale in Coconut Farmers**

Sl.No	Particulars	Small farmers	Medium farmers	Large farmers	Over all
1	Local Trader	117 (75.48)	83 (59.29)	15 (30.00)	215 (62.32)
2	Whole Seller	18 (11.62)	18 (12.86)	10 (20.00)	46 (13.33)
3	Oil miller	20 (12.90)	39 (27.85)	25 (50.00)	84 (24.35)
	<b>Total</b>	155 (100.00)	140 (100.00)	50 (100.00)	345 (100.00)

(Figures in parentheses indicate percentages to the total)

Table 1 reveals that out of 345 farmers, 62.32 per cent of the farmers sold through direct local trader, 13.33 per cent of the farmers sold their coconut through direct whole seller and 24.35 per cent of the farmers, sold to oil miller. The majority

of respondents sold their coconut to local trader because the familiarly of local trader, and farmers getting the money immediately for family expenditure and occasions.

**Table2: Total Production and Market Surplus of Coconut**

Sl.No	Particular	Small farmers	Medium farmers	Large farmers	Over all
1	Personal Consumption	532 (1.48)	836 (1.24)	1374 (1.03)	2742 (1.16)
2	Wage payment	3375 (9.36)	6718 (9.96)	12968 (9.72)	23061 (9.73)
3	Net market quantity	32139 (89.16)	59903 (88.80)	119038 (89.25)	211080 (89.11)
	Total quantity produced	36046 (100.00)	67454 (100.00)	133380 (100.00)	236883 (100.00)

(Figures in parentheses indicate percentages to the total)

The total production and market surplus of coconut is given in table 7.1.3.

The total percentage of market surplus in case of small, medium and large farmers was around 89 per cent. About 10 per cent of wage payment and 1 per cent for personal consumption has been recorded.

### PROBLEMS IN MARKETING OF COCONUT: RANKING ANALYSIS

The farmers are facing many problems in coconut marketing. To identify important problems in marketing of coconut, it has been decided to use the Garrett's Ranking Technique. The identified problems relating to coconut marketing are under weighment, unauthorized education, collusion among trader's in fixing price, delayed payment, sales on credit, absence of grading, problems in transporting, and lack of proper storage facility were ranked. The sample farmers are called to assign the ranks to identify the most important problems for the marketing of coconut. The sample farmers were asked to ranks the problems in the order of priority.

Garrett ranking technique has been applied to rank the problem in marketing of coconut with the following formula.

$$\text{Percent position} = \frac{100 (R_{ij} - 0.5)}{N_j}$$

Where,

$R_{ij}$  = Rank given for the  $i^{\text{th}}$  problems by the  $j^{\text{th}}$  respondents.

$N_j$  = Number of problems ranked by  $j^{\text{th}}$  respondents.

The per cent position of each rank thus obtained was converted into scores by referring to table given by Garrett. Then for each factor, the scores on individual respondent authority were added together and divided by the total number of respondents for whom scores were added. These mean scores for all the factors were arranged in descending order, ranks were given and the most important problems were identified marketing.

The opinion survey was conducted among the coconut farmers to identify reason for sale of coconut immediately.

The analyses of opinion survey presented earlier, provides number of individual reports of the particular problem, ignoring the merit of each problem indicated by them. Merits of the problem are identified by ranks assigned by them. Adequate weight age was not given for ranks assigned by the farmer in the earlier analyses. Garrett Ranking Techniques is one of the techniques ranks the problem based on the merit assigned by the farmers. The result of the analysis is presented in table 3

It reveals that the labor scarcity was ranked first with a score of (52.30), lack of time to the farmers ranked second with a score of 51.84. The other problem viz., lesser production 51.08, immediate requirement of cash 50.57, Not profitable store 49.68, Theft 49.04, High cost of storage 46.07 and Lack of storage facility 44.79 and asked in the order priority respectively.



**Table 3: Reasons for commodity sold immediately (Garrett's Ranking Technique)**

Sl. No	Factors	Rank	I (79)	II (67)	III (59)	IV (53)	V (46)	VI (40)	VII (32)	VIII (20)	Total Score	Mean Value	Rank
		Score value											
1	Immediate requirement of cash	F	35	42	63	72	28	36	19	50	345	50.57	IV
		Fx	2765	2814	3717	3816	1288	1440	608	1000	17448		
2	Lack of storage facility	F	44	13	44	16	63	36	62	67	345	44.79	VIII
		Fx	3476	871	2596	848	2898	1440	1984	1340	15453		
3	Not profitable store	F	49	37	42	33	64	37	40	43	345	49.68	V
		Fx	3871	2479	2478	1749	2944	1480	1280	860	17141		
4	Lesser production	F	37	46	84	27	31	48	37	35	345	51.08	III
		Fx	2923	3082	4956	1431	1426	1920	1184	700	17622		
5	Lack of time	F	61	72	13	46	26	29	60	38	345	51.84	II
		Fx	4819	4824	767	2438	1196	1160	1920	760	17884		
6	Theft	F	39	63	31	18	49	39	75	31	345	49.04	VI
		Fx	3081	4221	1829	954	2254	1560	2400	620	16919		
7	Labour scarcity	F	62	38	40	54	22	82	12	35	345	52.30	I
		Fx	4898	2546	2360	2862	1012	3280	384	700	18042		
8	High cost of storage	F	18	34	28	79	62	38	40	46	345	46.70	VII
		Fx	1422	2278	1652	4187	2852	1520	1280	920	16111		

Note: X-Scale value, F-Number of sample respondents, Fx-Score

Garrett Ranking Technique also was used to identify the reason for selling of coconut on merit based weight age given by them weight age is assigned for each problem depending upon the ranking. The result is provided in table 4.

**Table 4: Reasons for Selling of Particular Agency (Garrett's Ranking Technique)**

Sl. No	Factors	Rank	I (77)	II (63)	III (54)	IV (46)	V (37)	VI (23)	Total Score	Mean Value	Rank
		Score value									
1	Absence of other buyers	F	38	68	102	18	42	77	345	48.90	VI
		Fx	2926	4284	5508	828	1554	1771	16871		
2	Correct weightment	F	58	37	63	81	39	67	345	49.01	V
		Fx	4466	2331	3402	3726	1443	1541	16909		
3	Reasonable price	F	52	71	58	73	39	52	345	51.03	I
		Fx	4004	4473	3132	3358	1443	1196	17606		
4	Personal relation	F	72	49	46	31	97	50	345	50.09	IV
		Fx	5544	3087	2484	1426	3589	1150	17280		
5	Prompt payments	F	82	39	36	61	62	65	345	50.17	III
		Fx	6314	2457	1944	2806	2294	1495	17310		
6	Prior commitment	F	43	81	40	81	66	34	345	50.79	II
		Fx	3311	5103	2160	3726	2442	782	17524		

Note: X-Scale value, F-Number of sample respondents, Fx-Score

**Table 5: Problems by the farmers in marketing produce of coconut (Garrett's Ranking Technique)**

Sl. No	Factors	Rank	I (79)	II (67)	III (59)	IV (53)	V (46)	VI (40)	VII (32)	VIII (20)	Total Score	Mean Value	Rank
		Score value											
1	Under weightment	F	62	37	28	64	32	61	17	44	345	51.49	IV
		Fx	4898	2479	1658	3392	1472	2440	544	880	17763		
2	Unauthorized dedication	F	55	17	71	49	26	56	39	32	345	50.99	V
		Fx	4345	1139	4189	2597	1196	2240	1248	640	17594		
3	Collusion among traders in fiking price	F	47	72	13	40	79	37	11	46	345	51.63	II
		Fx	3713	4824	767	2120	3634	1480	352	920	17813		
4	Delayed payment	F	77	78	9	18	72	56	10	25	345	55.55	I
		Fx	6083	5226	531	954	3312	2240	320	500	19166		
5	Sales on credit	F	55	47	91	13	33	8	36	62	345	51.54	III
		Fx	4345	3149	5369	689	1518	320	1152	1240	17782		
6	Absence of grading	F	17	13	84	32	21	41	60	77	345	43.28	VIII
		Fx	1343	871	4956	1696	966	1640	1920	1540	14932		
7	Problems in transporting	F	17	63	12	55	20	46	92	40	345	49.37	VI
		Fx	1343	4221	708	2915	920	1840	2944	800	17034		
8	Lack of proper storage facility	F	15	18	37	74	62	40	80	19	345	46.05	VII
		Fx	1185	1206	2183	3922	2852	1600	2560	380	15888		

Note: X-Scale value, F-Number of sample respondents, Fx-Score.

Table 4 explains reasonable price given by the particular agency has forced the farmers to sell and stand first in the rank with the score of 51.03. Prior commitment was the next problem faced by them whose mean score is 50.79. The next important reason was the prompts payment of the agency. Fourth reason is personal relation, fifth and sixth reason was correct weighment and absence of other buyers respectively.

Table 5 indicates that the inadequate delayed payment is a severe problem for all the respondents with the highest mean score of 55.55, followed by callusing among traders in fixing price with the mean score of 51.63, sales on credit with the mean score of 51.54. Under weighment with mean score of 51.49, unauthorized deduction with the mean score of 50.99, problems in transporting with the means score of 49.37, Lack of storage facility, with the mean score of 46.05 and absence of grading with mean score of 43.28. It is concluded that the delay in payment is the most important problem faced by coconut cultivators in coconut

### CONCLUSIONS

Coconut farmers have two channels for disposal of their coconut one is the direct channel and other one is the indirect channel. Indirect channel is the most prominent channel adopted among coconut farmers; direct channel is very simple while the indirect channel is very complex. In all, 62.32 per cent of the respondents sold their coconut market through direct local trader. Problem of coconut marketing faced by the farmers by using Garret ranking technique the in adequate delayed payment is a big problem to all the 345 sample respondents with highest mean score of 55.55 per cent.

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