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CERTAIN FACTORS AFFECTING THE MARKETING OF COCONUTS

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With reference to the magnitude of trade, coconuts, copra coconut oil, coir and coconut cake are important products. During the last four to five years the Indian consumption of nuts has increased rapidly. This is partly accounted for by the fall in the prices of nuts and the consequent attempt on the part of the producer to dispose of his produce in the most remunerative manner. When the price of copra is low the producer is able to realise more money by disposing of the nuts as whole nuts for edible purposes. Excluding Madras, Hyderabad, Mysore and Travancore the consumption of nuts for the remaining parts of India is about 150 million nuts per annum. India imports annually about 12 million nuts from foreign countries. The imports, however, have not increased appreciably in recent times. It is interesting to note that India has been the net importer of coconuts since 1900, in spite of the fact that at one time there were large exports of coconuts, copra and coconut oil from India. The imports of nuts therefore may be said to be due to the proximity of nut producing centres as well as due to the traditionl channels of trade. In the exports of nuts the district of Malabar is most important. The total exports from the ports in Malabar averaged to about 100 million nuts per annum. The most important nut exporting centres are Calicut, Badagara, and Ponani, Calicut alone exporting about 50 million nuts.

Types of nuts. There are two distinct types, the dry and fresh or green. The dry nuts that are commonly called "Kottai" are the nuts which are stored for generally 8 to 12 months. These are lighter for transport and can be kept for a longer period without deterioration. The demand for these stored nuts is mainly from the Punjab and the U. P. and the supply is mainly from Malabar and Mysore. The price for stored nuts is generally Rs. 5 per 1000 higher than the price for fresh nuts. The nuts are graded according to the size by the exporters and the grades are known by the number of nuts in a standard gunny bag. The grades vary from 110 to 400 nuts per bag. The prices are generally higher for the bigger nuts. The nuts are also classed according to the nature of husking, the grades being from costliest to the cheapest; unhusked, slightly husked, partially husked, and fully husked.

Price of nuts. The price of stored nuts is based on the prices of edible copra, and the prices of fresh nuts which are intended for up country consumption are slightly higher than the prices of fresh nuts

which are converted into the crushing quality of copra. Markets obtain their supplies from more than one centre of production and therefore the price at any one centre of production is affected by the changes in the prices at other centres of production. Bengal, Orissa, Godavary, Mysore and Malabar supply fresh nuts to Northern Indian markets. The prices in Bengal are affected by the prices in Orissa which depend upon the prices in Godavary district. The prices in Godavary district also affect the prices in Tanjore and in turn are affected by prices in Mysore. The prices in Mysore must be competitive with the prices in Malabar. Thus the prices all over India are governed by the price on the West Coast.

Prices and freight. The coastal freights for nuts are not heavy as keen competition between the country crafts and among the steamship companies act as safeguards against uneconomic freights. Internal transport excepting in Bengal is however, by rail and the freights largely make up the cost of the nuts. The railway freights on nuts are the highest in South Indian, and the Nizam's State Ry. And these are higher by about 50 per cent than in other railways. The example of the exports from Tanjore District is a typical case of the effect of railway freights on trade. There are specially reduced rates from a number of centres in Tanjore to Madras Beach. The reduction, however, is not the same for all the stations. It varies from 21 per cent to 37 per cent of the original scheduled railway freights. The effect of this is to unnecessarily favour certain exporting centres. The reduced rate, however, is only applicable to Madras Beach and the cost of carrying nuts to, say, Chingleput would be more than the freight for Madras. The effect of this anomalous position has been to divert all the trade with intermediate stations to Madras with consequent flooding of the Madras market. The special rates are not in direct proportion to the distance; even though Thillaivilagam is nearer to Madras Beach by 25 miles than Kulikarai the freight per maund from the former station is Rs. 0 – 10 - 8 as against Rs. 0 – 8 - 2 for Kulikarai. The freight charges in spite of the reduction work out to about 55 to 72 per cent of the present value of the nuts in Tanjore, even though the distance between the exporting centre and Madras Beach is not more than 250 miles. It must also be remembered that this is with reference to a district the exports from which by sea are possible. In 1932 the total exports of nuts to Madras Beach from the important trade centres in Tanjore District amounted to 1·6 millions while in 1933 the exports from the same centres amounted to 6·4 million nuts. Thus the effect of the reduction in the freight has been to increase the trade with Madras by 400% mainly through diversion from other centres of consumption.

Copra. There are mainly two types of copra; crushing and edible. Each of this type has a number of grades mainly depending on the

moisture content for the crushing quality of copra and depending on the size for the edible grades of copra. The prices of edible grades are purely governed by the law of supply and demand. It is obvious that the prices of the edible copra cannot fall below the prices of crushing grade copra.

The prices of copra depend upon the prices of oil and cake. A ton of copra when crushed ordinarily yields 12½ cwts of oil and 7 cwts of cake. The price of copra therefore should be the price for 12½ cwts. of oil, 7 cwts. of cake minus the cost of crushing. In actual practice, however, this relationship is not sometimes maintained exactly. Under these circumstances the oil miller suspends the purchase for crushing or only purchases copra in order to meet his forward contract for the delivery of cake and oil. On an average the oil mills on the West Coast obtain Rs. 4 per candy of copra crushed. 82½ per cent. of the total consumption of copra in India is consumed by the oil millers on the West Coast. The total consumption of copra in India may be estimated at 200,000 tons per annum. Out of this quantity about 25,000 tons may be estimated as being consumed as whole copra. The remaining 175,000 tons of copra are crushed in the oil mills. The quantity that will be crushed on the West Coast must be about 165,000 tons. It is therefore clear that the amount of copra consumed as copra is comparatively very little. In the marketing of copra, therefore, the most important point to be considered is the ability of the oil millers to purchase and crush copra.

To enable the oil miller to crush copra, there must be a market for his cake and oil, and the prices of copra, oil and cake should be so related that he is able to obtain the cost of crushing. There is no doubt that there is adequate market for the oil that is produced by these mills. There is also a fairly good market particularly in Bombay and Kathiawar for the disposal of the cake. But this market is limited and it must be remembered that every district in India has supply of local cake and the substitution of one cake by the other is extremely difficult if not impossible in India in the absence of organised dairying. The fall in the prices of cereals and the policy of the Governments to promote the consumption of home grown stuff as cattle feed has led to a reduction in the consumption of cake on the continental markets. The European market therefore for the cake is restricted. But the present Indian exports to Europe of coconut cake is so small that this is not a factor which reacts detrimentally on the copra crushing industry. It might then be asked, what the difficulty is which the oil miller has to face, and through the oil miller the producer has to meet. There is considerable difficulty in covering the cost of crushing copra. And there are a number of factors which have led to the present position. The first oil mills were established in Cochin and Ernakulam—the places which were then, the most important centres of trade in

copra. Subsequently mills have sprung up in the centres where copra is produced. These mills have been able to compete with the mills in Cochin and Ernakulam as they directly purchased copra from the middlemen, while the mills in Cochin have to obtain copra after paying freight charges for its conveyance to Cochin.

The total capacity of the West Coast mills for crushing copra has been far in excess of the Indian requirement of oil and cake. In 1932 the power driven mills on the West Coast worked to less than 50 per cent of their full capacity, while their crushing capacity is 270,000 tons per annum, they crushed about 130,000 tons of copra only. Of the mills on the West Coast, the mills in Cochin and Malabar worked to only 35 per cent and 45 per cent of their full capacities while the mills in Travancore worked 65 per cent of their full capacity. That while the mills in Cochin and South Kanara are working to only about 1/3 their full capacity the mills in the neighbouring State of Travancore are working at 2/3rd of their capacity is a point that needs careful examination. The differential export duty on oil in Travancore, in fact subsidises the oil crushing industry in that State. Copra, coconut oil, cake and nuts are subject to export duty when exported from this premier coconut growing state. The actual amount of duty, however, is more on copra and nuts than on its equivalent of oil and cake. In exporting a ton of copra a duty of about Rs. 7 more has to be paid than in exporting its equivalent of oil and cake. This practically amounts to a subsidy of Rs. 7 to the oil miller for every ton of copra crushed. This subsidy is ultimately paid by the producer. Thus the oil millers in Travancore are able to successfully compete with the oil millers on the West Coast. The effect of this competition may be beneficial to the consumer but is certainly harmful to the producer. It is not difficult to visualise the chaos that would be caused through the price war between the oil millers in Travancore on the one side and the oil millers elsewhere in India when the crop is plentiful. Apart from the local markets in South India for oil and cake the most important markets for oil are Calcutta, Bombay and Karachi, and for the cake Bombay and Karachi. Thus Calcutta wants only oil while Bombay wants both oil and cake and Karachi requires oil and some cake. The coastal freights are such that it is cheaper to ship copra rather than oil and cake. This has resulted in the establishment of copra crushing industry in Bombay and Karachi as the millers obtain in addition to the cost of crushing the benefit of cheaper freights on copra. The millers in Bombay and Karachi stand to gain to the extent of about Rs. 4 per ton by purchasing copra from the West Coast instead of obtaining oil and cake from the West Coast. This has then set up another competition for the West Coast oil millers.

The freights from Colombo to the important Indian ports are lower than the freights from the West Coast ports. Particularly so

in the case of oil. This is so much that the Bombay oil miller finds it costlier to import copra than to import oil. For every ton of oil that he obtains from the imported copra he stands to lose Rs. 1–12–0. In addition to the lower freights for oil the lower import duty on oil reacts detrimentally in the oil milling industry. Roughly the price of the cake covers the cost of crushing. The price of copra therefore should be purely based on its oil value i. e., the price of copra should be 60 per cent of the price of oil. Or in other words the price of oil should be 166 per cent of the price of copra. The duty on oil therefore should be 166 per cent of the duty on copra. But this has not been the case up to 1933, and up to that period the imports of oil into India were very large as compared to the imports of copra. Even at present when the low freights are taken into consideration it is cheaper to import oil from Ceylon than to import copra. The freight for a ton of oil from Ceylon to Bombay is only Rs. 7-8-0 while from Cochin to Bombay a shorter distance it is as much as Rs. 12 i.e., a difference of Rs. 4-8-0. The effect of these freights has been to close down our markets particularly in Calcutta and Rangoon.

We have seen that the price of copra depends upon the price of coconut oil and cake. It has also been mentioned (1) the establishment of oil mills in the centres of consumption namely Bombay and Karachi, (2) the preferential export duty on oil from Travancore and (3) the low freights from Ceylon as compared with the Coastal freights are the factors which adversely affect the coconut industry and therefore the producer.

Ultimately the Bombay price for the coconut oil is the price in Ceylon plus the import duty, plus the freight and incidentals. The price on the West Coast should therefore be the Bombay price minus the freight and incidentals. It is evident that the price of the coconut oil on the West Coast will be affected by a change in any of these four factors viz., the price in Ceylon, the import duty, the freight from Ceylon to India and the freight from West Coast to other Indian ports.

✓ THE DRAINAGE ASPECT OF IRRIGATION.

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It is very kind of the Secretary of the Union to have invited me for the College Day and Conference and to take part in the symposium on irrigation this morning. I regret to have to deny myself the pleasure of attending the functions, but I am glad of the opportunity to associate myself once again—though from a long distance – with this function and to give a paper for the symposium.

I have been asked to contribute a paper on any aspect of irrigation. In recent years, I have had occasions to participate, as Agricultural