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RESEARCH ARTICLE

THE STUDY ON THE MARKETING CHANNELS, PROJECTED EXPORTS OF ORGANIC COCONUT IN COIMBATORE DISTRICT OF TAMIL NADU

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ABSTRACT

Organic farming is gaining gradual movement across the world. Growing awareness of health and environmental issues in agriculture has demanded production of organic food which is emerging as an attractive source of rural income generation. India is bestowed with lot of potential to produce all varieties of organic products because of its various agro climatic regions. Oceania has the largest share of organic agricultural land (37%), followed by Europe (24%) and Latin America (20%). The proportion of organically compared to conventionally managed land, however, is highest in Oceania and in Europe. India ranks last among the top ten countries in terms of cultivable land under organic certification. The certified area includes 10% cultivable area (0.50 million ha) and rest 90% (4.71 million ha) is forest and wild area for collection of minor forest produces. India produced around 1.34 million Metric tonnes of certified organic products which includes all varieties of food products namely sugarcane, cotton, coconut, Basmati rice, pulses, tea, spices, coffee, oil Seeds, fruits and their value added products.

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INTRODUCTION

Organic farming is gaining gradual movement across the world. Growing awareness of health and environmental issues in Agriculture has demanded production of organic food which is emerging as an attractive source of rural income generation. India is bestowed with lot of potential to produce all varieties of organic products due to its various agro climatic regions. This holds promise for the organic producers to tap the market which is growing steadily in the domestic market related to the export market. The Government of India has implemented the National Programme for Organic Production (NPOP).

The national programme involves the accreditation programme for Certification Bodies, standards for organic production, promotion of organic farming etc. The NPOP standards for production and accreditation system have been recognized by European Commission and Switzerland as equivalent to their country standards. Similarly, USDA has recognized NPOP conformity assessment procedures of accreditation as equivalent to that of US. With these recognitions, Indian organic products duly certified by the accredited certification bodies of India are accepted by the importing countries.

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Global Scenario

Oceania has the largest share of organic agricultural land (37%), followed by Europe (24%) and Latin America (20%). The proportion of organically compared to conventionally managed land, however, is highest in Oceania and in Europe. In the European Union 4% of the land is under organic management. Most producers are in Latin America. The total organic area in Asia is 2.9 mha.

This constitutes 9% of the world's organic agricultural land. The country with the largest organic area is Australia (12 million hectares).

Indian Scenario

India ranks 10th among the top ten countries in terms of cultivable land under organic certification. The certified area includes 10% cultivable area with 0.50 million hectares and rest 90% (4.71 million hectare) is forest and wild area for collection of minor forest produces.

The total area under organic certification is 5.21 million hectare (APEDA, 2013). India produced around 1.34 million Mt of certified organic products which includes all varieties of food products namely Sugarcane, Cotton, coconut, Basmati rice, Pulses, Tea, Spices, Coffee, Oil Seeds, Fruits and their value added products.

Present Status in India

S.No.	Year	Area under organic management in Ha
1	2003-04	42000
2	2004-05	76000
3	2005-06	1,73,000
4	2006 – 07	5,38,000
5	2007-08	8,65,000
6	2008-09	10,85,647
7	2009-10	12,07,000
8	2010- 11	13,56,000

Source: National center for organic management Ghaziabad

Overall status of organic production

S.No.	Component	Quantum
1	Area under organic certification process (ha)	1085648.45
2	Number of farmers under organic certification process	597873
3	Number of operator	2099
4	Number of processors	427
5	Number of grower group	919
6	Number of Exporter	253
7	Total production (MT)	1.811,111
8	Total quantity exported (MT)	53,918
9	Value of exports in US $	116.09 million
10	Value of imports in INR Rs.	591crores INR

Source: National center for organic management, Ghaziabad

Objectives of the Study

- To study the marketing pattern of organic coconut by farmers.
- To project the export potential of organic coconut.

Study area

Coimbatore district was selected for the study. Within Coimbatore - Pollachi, Udumalapet, and Coimbatore north and Coimbatore south was elected. Reason – large number of farmers are involved in organic crop cultivation.

Sample size

For finding the domestic potential - 30 farmers who got certification from the TNOCD (Tamil Nadu organic seed certification Department) were selected randomly. To have comparative study 30 Inorganic farmers also selected to gain knowledge about the cost and income concepts. For knowing the export potential, export details were collected from the exporter using the interview schedule.

Table 1. General Details

S.No.	Age	Numbers
1	20-40	6 (20%)
2	40-60	22 (73%)
3	> 60	4 (13%)

Table 2. Education level

S.No.	Particular	Numbers
1	Up to 5th	9 (30%)
2	Up to 10th	4 (13%)
3	Collegiate	17 (56%)

Using the Interview schedule the information regarding - quantities of organic produce exported from Tamil Nadu, countries to which they are exported, what is the constrains in organic produce exports are obtained.

Table 3. Live Stock population

S.No.	Particulars	Numbers	
1	Cow	up to 6	16 (53%)
		up to 10	12 (40%)
		> 10	2 (7%)
2	Goat/Sheep	up to 5	20 (67%)
		6 to 12	8 (27%)
		> 12	2 (7%)

Table 4. Total Production, retention and marketed Surplus of organic coconut

S.No.	Particular	Quantity (No of Nuts / acre / farmer)
1	Total production	21000
2	Retentions	500
3	Marketed Surplus	20500

From the table its clear that the marketed surplus is higher, hence there is more scope for the production of organic coconut.

Marketing channels at domestic level

Channel I
Producer → village market → consumer
Channel II
Producer → trader / exporter → produce are exported to the foreign countries

Export of organic produce (Tamil Nadu)

The organic produce is exported to different countries like UK, Singapore, Malaysia, United States of America, Thailand, and Dubai in huge amount. Crops that are exported from Tamil Nadu are coconut, mango, pomegranate, papaya, drumstick, and spices.

Markov Chain Model

Assumptions:

(a) The probability of an outcome on the t^{th} trial depends only on outcome of the preceding trial, and

(b) This probability is constant for all time periods (Lee et al., 1970).

$$E_{jt} = E_{jt} \; E_{i\,t-1} \; P_{ij} + e_{jt}$$

The structural change in export of organic produces was examined by estimating the transition probability using Markov-chain model. The data on quantity of organic produce exported to various countries can be taken and analysed in Markov chain analysis. To get the transition probability matrix, this LP was solved using LINGO (version 10) Package. The probability of retaining the previous market share (gain or loss) was interpreted by studying the diagonal elements of transitional matrix. The row elements in the transitional probability matrix provide the information on the extent of loss in trade, on account of competing countries. The column elements indicate the probability of gain in volume of trade from other competing countries and the diagonal element indicates probability of retention of the previous year's trade volume by the respective country.

Table 5. Transition probability matrix

2008-12	United kingdom	Singapore	Malaysia	United States	Dubai	Thailand
United kingdom	0.0000	0.0000	0.1706	0.8294	0.0000	0.0000
Singapore	0.0000	0.0000	0.0000	0.2884	0.0000	0.7116
Malaysia	0.0000	0.6555	0.2595	0.0000	0.0000	0.0751
United States	0.0440	0.0000	0.0000	0.5140	0.1617	0.7548
Dubai	0.1030	0.1293	0.5023	0.0000	0.2653	0.0000
Thailand	0.4511	0.1144	0.0000	0.0000	0.4345	0.0000

Table 6. Actual and estimated quantity of organic coconut exports from Tamil Nadu (2008-09 to 2011-12)

Year	United kingdom	Singapore	Malaysia	United states	Dubai	Thailand	Total
2013-2014	12.92	14.64	15.49	16.48	17.29	23.18	100
2014-2015	12.96	15.04	15.05	15.59	17.33	24.03	100
2015-2016	13.30	14.85	14.96	15.72	17.55	23.62	100
2016-2017	13.14	14.78	15.14	15.94	17.45	23.55	100
2017-2018	13.15	14.86	15.08	15.79	17.44	23.68	100

Inference: The actual and estimated quantity of organic coconut are increasing for all the six organic coconut importing countries from the year 2008 – 09 to 2011 – 12.

Table 7. Projected export share of Tamil Nadu's organic coconut to major importing countries from 2013-14 to 2017-18 (percentage)

Year	United kingdom	Sing	Malays	United states	Dubai	Thailand
2013-2014	12.92	14.64	15.49	16.48	17.27	23.173
2014-2015	12.96	15.04	15.05	15.59	17.31	24.02
2015-2016	13.30	14.85	14.96	15.70	17.55	23.60
2016-2017	13.14	14.789	15.12	15.94	17.45	23.55
2017-2018	13.12	14.86	15.08	15.79	17.44	23.68

Inference: It was found that the projected export share of Indian organic coconut to United Kingdom has increased from 12.92 per cent to 13.12 per cent. It is also observed that the projected shares were found to be constant for Singapore, Malaysia, Dubai, and Thailand. With respect to United States, the projected share has decreased from 16.48 per cent to 15.79 per cent.

The matrix gives a broad indication of the change in the direction of trade of organic coconut from India. It is evident from Transition probability matrix**,** that Malaysia was the most stable market among the major importers of Indian organic coconut as reflected by the probability of retention at 26.95. The most unstable market among the importing countries was United Kingdom, Singapore and Thailand with zero per cent retention.

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