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MARKETING OF COCONUT IN ALAPPUZHA DISTRICT, KERALA

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ABSTRACT: This study examines the marketing efficiency of coconut in Alappuzha district, Kerala, focusing on the different channels through which coconuts are marketed from producers to consumers. The research aims to analyze the variations in market margins, marketing costs, and price spreads across these channels, with the goal of understanding how these factors impact the producer's share in the consumer rupee. By employing a multi-stage sampling method and analyzing data collected from primary and secondary sources, the study identifies significant differences in the efficiency of various marketing channels. Channel I, despite having higher marketing costs, emerges as the most efficient in terms of providing a higher share of the consumer rupee to producers. The study highlights the need for policy interventions to reduce marketing inefficiencies, such as streamlining the supply chain, reducing the number of intermediaries, and improving market infrastructure. These recommendations aim to enhance the profitability and sustainability of coconut farming in the region, ultimately contributing to better economic outcomes for farmers and supporting the broader development of the agricultural sector in Kerala.

KEY WORDS: Marketing, cost, channels, consumers, producers, coconut

The marketing of agricultural products plays a crucial role in the economic development of agrarian economies, particularly in regions where specific crops dominate local agriculture. In India, agriculture is a significant contributor to the GDP and serves as the primary source of livelihood for a large proportion of the population. Kerala, a state in southern India, is particularly known for its agricultural diversity, with coconut being one of the most important crops. Alappuzha district, located in Kerala, is one of the leading regions in coconut production, making it a prime area for studying the marketing efficiency, price spread, and overall impact of various coconut marketing channels. Coconut farming in Kerala, and particularly in Alappuzha, is integral to the state's economy. However, the marketing channels through which coconuts move from producers to consumers are often complex and involve multiple intermediaries. This complexity can lead to inefficiencies, which reduce the profitability for farmers and inflate prices for consumers. Understanding these inefficiencies is crucial for improving the marketing system, thereby increasing the share of the consumer rupee that goes to the producer and reducing unnecessary costs along the supply chain.

Marketing efficiency, which evaluates how well the market functions in terms of cost and profit distribution, is a key focus of this study. Various studies have examined the challenges and opportunities in agricultural marketing in India. For instance, Ramaswami, Ravi, and Chopra (2003) highlight the inefficiencies in agricultural markets and the need for reforms to enhance the welfare of both producers and consumers (Ramaswami, Ravi, & Chopra, 2003). In the context of coconut marketing, research by Balasubramanian (2014) has shown that the presence of multiple intermediaries in the marketing chain often leads to a lower share of the final price reaching the farmers (Balasubramanian, 2014).

This study aims to provide a comprehensive analysis of the marketing efficiency of different coconut marketing channels in Alappuzha district. It will focus on key aspects such as market margins, marketing costs, and price spread, which are critical for understanding the overall efficiency of the marketing system. The findings from this study are expected to provide insights into the factors that contribute to market inefficiencies and offer recommendations for improving the marketing system to benefit both farmers and consumers.

Several previous studies have explored related topics. For example, Ghosh, Raychaudhuri, and Sen (2017) examined the impact of market reforms on agricultural marketing in India, suggesting that better market integration can significantly enhance efficiency (Ghosh, Raychaudhuri, & Sen, 2017). Similarly, research by Nair and Menon (2006) focused on the economic analysis of coconut farming in Kerala, emphasizing the need for improved marketing strategies to ensure better returns for farmers (Nair & Menon, 2006). Furthermore, the work of Kumar and Palanisami (2010) on price spread and market margins in Indian agriculture provides valuable insights into how these factors affect overall market efficiency (Kumar & Palanisami, 2010).

This paper intends to build on these studies by specifically examining the case of Alappuzha district's coconut market. By analyzing the marketing efficiency of different channels, this research aims to contribute to the ongoing

discourse on agricultural marketing in India and provide actionable recommendations that could lead to more equitable and efficient market practices in the coconut industry.

RESEARCH METHODOLOGY

Research methodology refers to the systematic approach used to conduct research, encompassing the various procedures, techniques, and tools employed to gather, analyze, and interpret data. It serves as the foundation for any study, guiding researchers in their efforts to describe, explain, and predict phenomena. In this particular study, the methodology chapter outlines the research design, introduces the key factors and variables considered, and details the sampling design, data collection methods, and analytical techniques used to achieve the study's objectives.

The first step in the research process was the selection of the study area. Alappuzha, a district in Kerala, India, was chosen as the focus of this study due to its significant contribution to coconut production in the state. As one of the leading districts in coconut cultivation, Alappuzha provides an ideal setting for examining the marketing practices of coconut farmers and traders. This selection was purposeful, given the district's relevance and prominence in the coconut industry.

Data collection for this study was carried out using both primary and secondary sources. Primary data was gathered through personal interviews and surveys, utilizing a well-structured schedule to ensure consistency and reliability. These interviews and surveys were designed to capture detailed information regarding the challenges and constraints faced by farmers and market intermediaries involved in the coconut trade. In addition to primary data, secondary data was also collected from various sources, including the District Agriculture Office and other published and unpublished materials. These secondary sources provided valuable insights into the area, production, and productivity of coconut farming in Alappuzha, offering a broader context for the study.

To ensure a representative sample, a multi-stage sampling procedure was adopted. The sampling design involved several stages, starting with the selection of Alappuzha district due to its prominence in coconut production. In the next stage, specific wards within the district were identified for further investigation. This was followed by the selection of respondents, primarily farmers engaged in coconut cultivation. Lists of all farmers practicing coconut farming were obtained from the village development offices in the selected villages. From these lists, 10% of farmers were randomly selected, ensuring a diverse and representative sample. The selected farmers were then classified into five groups based on their landholding size: marginal farmers (below 1 hectare), small farmers (1 to 2 hectares), medium farmers (2 to 4 hectares), semi-medium farmers (4 to 10 hectares), and large farmers (greater than 10 hectares). The research also included an examination of the markets where coconuts were sold, with specific markets selected based on their relevance to the coconut trade in Alappuzha. Additionally, market functionaries, including wholesalers and retailers, were a critical part of the study. A purposive sampling of 5% of wholesalers and retailers was conducted after preparing a list of all such functionaries in the selected markets.

The collected data was then analyzed using various statistical tools to draw meaningful conclusions. The analysis aimed to identify patterns and correlations between different variables, such as landholding size and marketing practices, and to assess the challenges faced by both farmers and market intermediaries. By meticulously designing the research methodology, adopting a multi-stage sampling procedure, and employing both primary and secondary data sources, the study provides a comprehensive analysis of the factors influencing the coconut trade in Alappuzha district. This combination of methods ensures that the findings are robust, reliable, and relevant to the broader context of agricultural marketing in Kerala.

RESULTS AND DISCUSSION

Table-1: Market margin, Marketing Cost and Price Spread of Coconut/100 nuts of Channel- I

S. No	Particulars	Price/Kg
1.	Net price received by producer	3980
	Cost incurred by the producer	
a.	Transportation cost	430
b.	Miscellaneous charges	50
c.	Marketing cost	480
d.	Sale price of producer / Purchase price of Wholesaler	4410
	Cost incurred by the Wholesaler	
a.	Loading and unloading charges	120
b.	Grading and sorting	50
c.	Miscellaneous charges	20

d.	Marketing cost	190
e.	Margin of Retailer	410
f.	Sale price of Whole seller / Purchase price of Retailer	5010
4.	**Cost incurred by the Retailer**	
a.	Transportation cost	210
b.	Post purchase losses	200
c.	Miscellaneous charges	50
d.	Marketing cost	460
e.	Margin of Retailer	600
5.	**Sale price of Retailer / Purchase price of Consumer**	**6070**
6.	**Total Marketing Cost**	**2140**
7.	**Price spread**	**1,26,863**
8.	**Producer's share in consumer rupee**	**65.56**

Source: SurveyData

Table- 2: Market margin, Marketing Cost and Price Spread of Coconut / 100 nuts of channel- II

S. No	Particulars	Price/Kg
1	Net price received by producer	4400
	Cost incurred by the Producer	
a)	Transportation cost	450
b)	Miscellaneous charges	50
3	Marketing cost	500
4	Sale price of producer / Purchase price of retailer	4900
	Cost incurred by Retailer	
a)	Loading and unloading charges	100
b)	Grading and Sorting charges	80
c)	Miscellaneous charges	50
d)	Marketing cost	230
e)	Margin of retailer	850
5.	**Sale price of Retailer / Purchase price of consumer**	**5980**
6.	**Total Marketing cost**	**1580**
7.	**Price spread**	**94,484**
8.	**Producer's share in consumer rupee**	

Source: Survey Data

Table-4: Market margin, Marketing Cost and Price Spread of Coconut/100 nuts of channel- III

S. No	Particulars	Price/Kg
1.	Net price received by producer	3800
2.	**Cost incurred by the producer**	
3.	Transportation cost	100
4.	Miscellaneous charges	50
5.	Marketing cost	150
6.	Sale price of producer / Purchase price of Wholesaler	3950
7.	**Cost incurred by the Commission Agent**	
8.	Margin of Commission Agent	50
9.	Sale price of commission agent / Purchase price of Wholesaler	4000
	Cost incurred by the Wholesaler	
10.	Loading and unloading charges	50
11.	Grading and sorting	50
a.	Miscellaneous charges	50
b.	Marketing cost	150

c.	Margin of Wholesaler	100
d.	Sale price of Wholesaler / Purchase price of Retailer	4250
12.	**Cost incurred by the Retailer**	
13.	Loading and unloading charges	50
14.	Post Purchase Loss	150
15.	Miscellaneous charges	50
16.	Marketing cost	250
17.	Margin of Retailer	300
18.	**Sale price of Wholesaler / Purchase price of Retailer**	**4800**
19.	**Total Marketing cost**	
20.	**Price spread**	
21.	**Producer's share in consumer rupee**	

Source: Survey data

The discussion on the market margin, marketing cost, and price spread of coconut across different marketing channels reveals significant insights into the efficiency and profitability of each channel. In Channel I, the net price received by producers per 100 nuts is ₹3980. The producers incur various costs, including transportation, miscellaneous charges, and marketing costs, which amount to a total of ₹480. After accounting for these costs, the sale price of the producer or the purchase price of the wholesaler is ₹4410. The wholesaler then incurs additional costs such as loading and unloading charges, grading and sorting, and other miscellaneous expenses, bringing the total marketing cost to ₹2140. The final sale price at the retail level, or the purchase price for the consumer, is ₹6070. The price spread in this channel is ₹1, 26,863, and the producer's share in the consumer rupee is 65.56%, indicating a moderately efficient channel with a relatively high producer share.

In Channel II, the net price received by the producer is slightly higher at ₹4400. The total marketing cost for the producer, including transportation and other charges, is ₹500, leading to a sale price of ₹4900. The retailer incurs further costs, totaling ₹230, before selling the product to the consumer at a price of ₹5980. The total marketing cost in this channel is ₹1580, which is lower compared to Channel I. However, the price spread is also lower at ₹94,484, suggesting a more compact distribution of costs and margins. The marketing efficiency of Channel II, as determined by the conventional method, is 0.68, which is lower than that of Channel I, indicating that while the costs are lower, the efficiency in terms of cost distribution is also reduced.

Channel III presents a different scenario where the net price received by the producer is ₹3800, which is the lowest among the three channels. The costs incurred by the producer are relatively minimal, with the total marketing cost being ₹150. The sale price at the wholesale level is ₹3950, and after the addition of the commission agent's margin and other wholesaler costs, the final sale price to the retailer is ₹4250. The retailer then incurs further costs, bringing the final sale price to ₹4800 for the consumer. Although the marketing costs in this channel are the lowest, the price spread is significant, and the producer's share in the consumer rupee is not explicitly stated but is implied to be lower than in the other channels.

Comparing all three channels, it is evident that Channel I, while having the highest marketing costs and price spread, also provides the highest producer share in the consumer rupee, making it a relatively efficient channel in terms of value distribution to the producer. Channel II, though less efficient in terms of marketing efficiency, offers lower marketing costs and a more balanced price spread, making it a viable option for cost-sensitive operations. Channel III, despite its lower producer price and higher price spread, offers minimal marketing costs, making it an option where the primary goal is cost minimization at the expense of producer share. Overall, the choice of the channel may depend on the specific priorities of the stakeholders, whether they prioritize producer profitability, cost efficiency, or market margin distribution.

CONCLUSIONS

In conclusion, the study on the marketing efficiency of coconut in Alappuzha district highlights the complexities and challenges inherent in the agricultural marketing system. The analysis of different marketing channels reveals significant variations in market margins, marketing costs, and price spreads, all of which impact the share of the consumer rupee that ultimately reaches the producer. Channel I, despite having the highest marketing costs, also provides the highest producer share, indicating a relatively efficient distribution of value. However, inefficiencies in other channels underscore the need for reforms aimed at streamlining

the marketing process, reducing unnecessary costs, and ensuring fairer returns for farmers.

The findings suggest that enhancing marketing efficiency in the coconut industry could lead to better economic outcomes for farmers, improve their livelihoods, and contribute to the overall development of the agricultural sector in Kerala. Policy interventions that focus on reducing the number of intermediaries, improving market infrastructure, and fostering direct market access for farmers could play a crucial role in achieving these goals. Ultimately, the study underscores the importance of addressing marketing inefficiencies to create a more equitable and sustainable agricultural marketing system in the region.

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