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A STUDY ON PRICE ANALYSIS PRICE ANALYSIS OF COCONUT IN THIRUNELVELI DISTRICT

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Abstract
Coconut, being an agricultural, exportable and consumable commodity, its price always depends on the international demand and supply position. As production and supply of coconut in the world market are widely fluctuating, world prices of coconut have always fluctuated, which are reflected in the domestic prices also.The International prices of Coconut products always rule lower than the domestic prices. The Oil in the international market is predominantly used for industrial purposes, while the Indian Coconut Oil with its special aromas, flavour and purity is preferred for edible and toiletry purposes. The other competing Oils are Soya bean Oil, Sunflower Oil, Rapeseed Oil and Groundnut oil. The entry of Palm Oil in vegetable Oil sector was on a faster pace and now this oil holds its supremacy over, other vegetable Oil .Like other commodities, raises of coconut too have year-wise and season wise variations. Hence, an attempt has been made to analyse the variations in the price of coconut.

INTRODUCTION

Price is one element of the marketing mix that produces revenue; the other element produces costs. Prices are the easiest marketing –mix element to adjust product features, channels and even promotion take more time. Price also communicate to the market the intended value positioning of its product or brand. Coconut, being a rain-fed crop, is subject to seasonal variation in prices. Seasonal variation in the prices of coconut was observed within a year due to its characteristic supply.Though consumption is in small quantity, coconut is being used daily. Hence, there exists a regular demand throughout the year. But the supply varies with the season of production. The harvest of coconut is regular and usually once in 45 days. Only small quantities are stored by the growers beyond 90 days from the time of harvest. The price of coconut is determined by the price of coconut oil. Any fluctuation in the price of coconut oil has its impact on the price of coconuts. The price of coconut oil fluctuates according to its demand and supply and very often it is influenced by the price of substitute oils especially the imported palm oil. The price of coconut and coconut products generally declines from January to May, which is the period of peak harvest over which the farmers have no control.Hence, an analysis of variations in the price of coconut is pertinent.

OBJECTIVES OF THE STUDY

- To study the temporal variations of coconut prices.
- To offer pricing strategies to stabilize the price.

STATEMENT OF THE PROBLEM

Coconut, being an agricultural, exportable and consumable commodity, its price always depends on the international demand and supply position. As production and supply of coconut in the world market are widely fluctuating, world prices of coconut have always fluctuated, which are reflected in the domestic prices also. Like other commodities, raises of coconut too have year-wise and season wise variations. Hence, an attempt has been made to analyse the variations in the price of coconut.

IMPORTANCE OF THE STUDY

The domestic prices of Copra and Coconut Oil in India are always higher than the international prices. The price difference, which was more then 300% in 1991, has narrowed down to around 70% in 2000 40% in 2012.and In India, the price trend is dependent on production and peak season of the major Coconut producing State of Kerala. In Kerala, the Season starts during February – March and reaches the peak season during May – July. During this period, the price expresses a declining trend. After August – September, the price express an upward trend and reaches maximum in November. Last two decades back, 90% of the production of milling copra was originated from Kerala. This scenario has changed at present due to the pricing strategies.

AREA OF THE STUDY

Thirunelveli is also one of a market for both domestic and international trade of coconut, in India. Moreover, this market has got the advantage of having good means of transportation in the form of, roads and railways. The price effect in Thirunelveli market will be reflected in all other taluk markets. Therefore, Thirunelveli market was selected to study the temporal price variation of coconut.

PERIOD OF THE STUDY

The present study analyzed the temporal variations of coconut prices in Thirunelveli market, using average annual prices of coconut for the period from 1993-94 to 2011-12.

ANALYTICAL FRAMEWORK

A multiplicative model of the following type has been used.

Y =T x C x S x I

Where, Y = Actual price in rupees per quintal, T = Secular Trend, C = Cyclical Variation,
S = Seasonal Variation, I = Irregular Variation

Secular Trend- Y = a + bt, Where,Y = Price of coconut rupees per quintal**,** a = Constant,
b =Regression co-efficient, t = Time in years

Cyclical Variation- Moving Average Method

Seasonal Variation-12 months' moving averages

Irregular Variations

Cyclical-Irregular (CI) components were derived, by dividing the actual time series with trend element. This Cyclical-Irregular (CI) component was again divided by Cyclical Component to estimate the irregular variation.

FINDINGS

- The co-efficient of determination (R^2) was 0.479 which indicated that 47.90 per cent of variation in the price of coconut was explained by the dependent variable. The annual average price of coconut per thousand nuts has increased at the rate of Rs.92.04 per annum.
- Cyclical variation in the prices of coconut reached the maximum in 1996 and it started declining thereafter till the end of the study period.
- The indices of irregular variation for the price of coconut in the Thirunelveli market ranged from 0.78 to 1.32. The co-efficient of variation of irregular variation is 16.53 per cent.
- The seasonal indices that lower prices prevailed from April to October and January to March. The highest price index between December and January.

SUGGESTIONS

- Grading and processing facilities may be provided at the production centre so that the coconut growers would get the right price for their produce. Information onmarketing should be passed on to the cultivators and traders through the mass media and other means of communication. Establishment of National Information Centre cum Electronic Data Processing Unit.
- Tender coconut marketing need to be promoted. Tender coconut par lour in the state in the major tourist spots, pilgrim centre, hospitals, hotels and on the wayside of national high ways ,state highways.
- Farmer can directly sell their produce by avoiding the middleman like KADS – kerala agricultural development society helps farmer to market their produce directly through open market system without involving middleman.
- Coconut oil distributed through Public Distribution System with central government subsidy
- .Ban to import of coconut oil. Minimum support price for copra to be extended Value added product producers, produce best quality, stable and affordable price, continuous supply ,better shelf life, attractive packaging and timely delivery.
- .Establishing a separate Coconut Technology Park and an Agricultural Export Zone for Coconut and its products in the State.
- Coconut Development Board undertook aggressive Promotional campaigns of coconut product, through media, consultation, farmers organization, NGO's, Govt agencies, research institution, etc. For boosting the consumption of coconut product through strategic approaches by creating awareness about health aspects of coconut.
- Coconut oil certified it as a beneficial dietary oil which does not contribute to any of the risk factors to the human body .The la uric acid component of coconut oil is considered as an ideal dietary fat due to its anti-microbial benefits, Human body synthesizes anti-viral, antibacterial and anti-protozoa properties. Studies have indicated as effectiveness inlowering the viral load of HIV which means less in AIDS patients.
- Establishment of warehouses at the production centres must be done and this must be maintained by the local governments at minimum charges to the growers. Organizing national level seminars to share the experience of different States.

CONCLUSION

A study on temporal variation of prices would be useful in forecasting the price movements in future. This would, in turn, help the producers and traders in making effective decision in production and marketing of coconut, including storage.

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Table -1,Trend, Cyclical and Irregular Variations of Coconut Prices in Thirunelveli Market

SI No.	Year	Actual Price (Rs Per 1000 nuts)	Trend Price (Rs per 1000 nuts)	Cyclical variation index	Irregular variation index
1.	1993	3150	2434.39		
2.	1994	2450	2528.38		
3.	1995	2570	2622.37		
4.	1996	3530	2716.36	1.09	1.19
5.	1997	3175	2810.35	1.05	1.03
6.	1998	3030	2904.34	0.99	1.10
7.	1999	2060	2998.33	0.92	1.10
8.	2000	2125	3092.32	0.86	0.78
9.	2001	2350	3186.31	0.85	0.79
10.	2002	3033	3280.30	0.87	0.82
11.	2003	4016	3374.30	0.91	0.99
12.	2004	4492	3468.29	0.94	1.23
13.	2005	3171	3562.28	0.96	1.32
14.	2006	3150	3656.27	0.97	0.90
15.	2007	2798	3750.26	0.94	0.89
16.	2008	3954	3844.25	0.90	0.81
17.	2009	3029	3938.24	0.93	1.08
18.	2010	4775	4032.23		
19.	2011	5438	4126.22		
20.	2012	4250	4220.21		

Source: Computed Data

1. $Y = 1696.105 + 92.04^{**}$ (271.19) (22.64) $R^2 = 0.479$

Figures in parenthesis denote standard errors **Significant at one percent level.

Table- 2

SI.No.	Month	Seasonal Index
1.	April	103.80
2.	May	98.20
3.	June	92.30
4.	July	90.30
5.	August	93.30
6.	September	98.10
7	October	100.20
8	November	100.60
9	December	106.50
10	January	105.90
11	February	104.80
12	March	106.00

Source: Computed Data.