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Most Immediate
Time Bound

F.No.18-5/2017-CC-ES
MINISTRY OF AGRICULTURE
Department of Agriculture & Cooperation
Directorate of Economics & Statistics
(C. C. Division)

Krishi Bhawan, New Delhi.

Dated 19/2/18

Subject: Price Policy for Copra for 2018 season – Announcement of Minimum Support Price of Copra (MSP) for 2018 season reg.

The Government of India has approved the Price Policy for Copra for 2018 season, and following decisions have been taken with respect to MSP of Copra :

- i. The Minimum Support Price (MSP) for Fair Average Quality (FAQ) of "Milling Copra" has been increased to Rs.7511/- per quintal for 2018 season from Rs. 6500/- per quintal in 2017 season.
- ii. The MSP for FAQ of "Ball Copra" has been increased to Rs.7750 /- per quintal for 2018 season from Rs. 6785/- per quintal in 2017 season.
- iii. Based on the MSP of FAQ Variety of Milling Copra, the Department of Agriculture & Cooperation will fix the MSP of mature de-husked Coconut for 2018 season.
- iv. National Agricultural Cooperative Marketing Federation of India Limited (NAFED), and National Cooperative Consumers' Federation (NCCF) will continue to act as the Central Nodal Agencies to undertake price support operations of Copra for the 2018 season and the losses, if any, incurred by the nodal agencies in such operations would be fully reimbursed by the Government of India.
- v. Appropriate action may be taken by the concerned Ministries/Departments, State Governments and other Agencies on Non-Price Recommendations (Annexure) of the CACP/Views of DAC&FW in a time-bound manner.
2. In this connection, I am directed to request you to take appropriate action on the above decisions under intimation to this office.

Encl: As above

o/c


(A. K. Gautam) 21/8
Adviser
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For information and necessary action :

1. Secretary, Department of Agricultural Research & Education & ICAR,
Krishi Bhawan, New Delhi.
2. Secretary, Department of Food and Public Distribution,
Government of India, Krishi Bhavan, New Delhi.
3. Secretary, Department of Commerce,
Ministry of Commerce and Industry,
Room No. 143, Udyog Bhawan, New Delhi.
4. Secretary, Ministry of Food Processing Industries,
Panchsheel Bhavan, August Kranti Marg, New Delhi.
5. Secretary, Department of Industrial Policy and Promotion,
Ministry of Commerce and Industry Udyog Bhavan, New Delhi.
6. Joint Secretary (Cooperation),
Department of Agriculture, Cooperation & Farmers Welfare, Room No. 224, Krishi
Bhawan, New Delhi.
7. Joint Secretary (MIDH),
Department of Agriculture, Cooperation & Farmers Welfare, Room No. 130,
Krishi Bhawan, New Delhi.
8. Joint Secretary (Trade), Department of Agriculture, Cooperation & Farmers Welfare,
189, Krishi Bhawan, New Delhi
9. Joint Secretary (Marketing), Department of Agriculture, Cooperation & Farmers
Welfare, Room No. 236, Krishi Bhawan, New Delhi.
10. Adviser (CS), DES,
Krishi Bhawan, New Delhi.
11. Chairman,
Coconut Development Board,
Kochi, Kerala -682011.
12. Horticulture Commissioner, DAC&FW,
Krishi Bhawan, New Delhi.

Copy for information :

1. Secretary,
Department of Economic Affairs,
Ministry of Finance, Government of India,
130, North Block, New Delhi.
2. Secretary, Department of Expenditure,
Ministry of Finance, Government of India,
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Secretary, Department of Consumer Affairs,
Ministry of Consumer Affairs,
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As
21/2/18

Chief Executive Officer,
NITI Aayog, Yojana Bhavan, New Delhi

Shri Anurag Jain,
Joint Secretary, Prime Minister's Office,
South Block, New Delhi.

Copy for information and necessary action :

1. Chief Secretary,
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C-Block, Floor-3, Room No. 305, Secretariat Office,
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2. Chief Secretary,
Government of Tamil Nadu,
Secretariat, Chennai – 600009

3. Chief Secretary,
Government of Karnataka,
Room No. 320, 3rd Floor, Vidhan Saudha,
Bangalore – 560001

4. Chief Secretary,
Government of Kerala,
Thiruvananthapuram – 695015

5. Chief Secretary,
UT Administration of Andaman & Nicobar Islands,
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Tel: 03192-233110, 234087, Fax: 03192-232656.

6. Administrator,
UT of Lakshadweep,
Kawaratti – 682555

7. Chief Secretary,
Government of Telangana,
C-Block, Telangana Secretariat Office,
Hyderabad-500002

A.K. Gautam
(A.K. Gautam)
Adviser

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Copy for Information to:

- 1. Sr. PPS to Secretary (Agri, C&FW), Krishi Bhavan, New Delhi
- 2. PPS to Principal Adviser, DAC&FW, Krishi Bhavan, New Delhi
- 3. PS to ESA, DES, Krishi Bhavan, New Delhi
- 4. Adviser (FE), DES, Krishi Bhavan, New Delhi.
- 5. Adviser (Coord.), DES, Krishi Bhavan, New Delhi
- 6. Technical Director, National Informatics Centre, 341, Krishi Bhavan, New Delhi -
with request to upload the order in the site of DACNET

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Adviser

**Non-Price Recommendations of CACP, Views of DAC&FW and
Ministry/Deptt./Division/State Government for follow up Action on Price Policy for
Copra for 2018 Season.**

S.No	Recommendation	View of the Department	Ministry/Deptt. / Division/ State Govt. for Follow-up Action
1.	<p>India has the highest productivity among major coconut producing countries in the world but yield levels in Kerala, the largest producer of coconut in the country are below all-India average and much lower than other major producers like Tamil Nadu and Andhra Pradesh. Therefore, there is an urgent need for improving crop productivity to reduce cost of production and enhance profitability and competitiveness. Replanting/rejuvenation of senile old plantations with quality planting material along with effective management of diseases and pests and efficient use of inputs including irrigation water would help in improving crop yields. The Commission recommends that major producing states like Kerala, Karnataka and Tamil Nadu should develop a roadmap for overall development of coconut economy.</p>	<p>The Coconut Development Board (CDB) is aiming at a productivity of 12000 nuts per ha by the end of the year 2022 through implementation of various developmental schemes in traditional as well non traditional coconut growing areas. The Board is in the process of developing Roadmap aiming at an annual production of 25000 million coconuts which is about 14% higher than the current production and converting 25% of the production to value added coconut products as an attempt to reduce price volatility and ensure steady stable and better price to the coconuts.</p>	<p>All the major coconut growing states i.e. State Government of Kerala, Karnataka, Tamilnadu, Andhra Pradesh and UT of Andaman & Nicobar Islands.</p>

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2.	Coconut farming is labour-intensive but shortage of labour and rising agricultural wages has led to significant increase in cost of cultivation. Moreover, traditional methods of coconut harvesting also pose a serious threat to life of the farmer. However, mechanization in coconut farming has not progressed much as attempts made to develop manual as well as self-propelled climbing devices for coconut harvesting by ICAR/SAUs have not been very successful. The Commission recommends that ICAR/SAUs should work on designing appropriate machines for coconut harvesting.	Many of the devices/equipments developed for mechanization of farming operation is yet to gain popularity due to reasons like high cost, lack of skilled manpower for operation, and uneven terrain. In many states, harvesting cost is prohibitively high and attempt for mechanization yet to succeed. However, CDB has given training to more than 50,000 youth across the country in harvesting and palm protection operation using a small device which could ease the climbing operation. Research for developing sophisticated device for harvesting operation is progressing in SAUs and other Institutions and a lasting solution may emerge soon.	Indian Council of Agricultural Research and State Agricultural Universities in the concerned States
3.	Majority of coconut farmers are small and marginal and most of them sell their produce as raw nuts. In order to make MSP and price support scheme effective, vibrant farmers collectives/groups like producer cooperatives, Self Help Group(SHG), coconut producer societies/companies, etc. should be involved in procurement of de-husked coconut and equipped with scientific dryer/processing facilities for production of copra. Central and State government	In all the major coconut growing states large number of Farmer Producer Organisations (FPOs) have already been formed and many of these either have infrastructure for making FAQ grade copra or in the process of arranging the same. CDB is extending financial assistance to the FPOs for setting up infrastructure for making FAQ grade copra to the tune of 25% of the capital cost of the project. If a matching assistance is provided by the State	State Governments of the concerned states and Horticulture Division/Coconut Development Board(CDB).

	<p>should provide financial and technical assistance to strengthen such institutions and develop necessary infrastructure. The Commission is of the view that in the event of market prices of de-husked coconut falling below support price, the state government should go for direct benefit transfer to farmers (difference between the support price and market price) rather than government-supported procurement of raw coconuts.</p>	<p>Government or other agencies, many more FPOs could be equipped with the facilities for making FAQ grade copra which could ensure more efficient PSS operations.</p> <p>The State Governments may take initiative for implementing DBT as suggested by CACP.</p>	
<p>4.</p>	<p>The National Agricultural Cooperative Marketing federation of India Limited (NAFED) and National Cooperative Consumer Federation of India Limited (NCCF) are the Central nodal agencies to undertake price support operations at the MSP in the coconut growing States. During the last five years, i.e. 2012 to 2016, market prices of milling copra were below MSP in 2012 and 2016 but, about 66.5 thousand tonnes were procured during 2012 and less than two thousand tonnes in 2016 by NAFED. This level of procurement is too low to make an impact on the market prices. Given that coconut market arrivals are spread almost throughout the year, the Commission recommends that restriction on Price Support Scheme (PSS) operations need to be revisited and suitably modified depending upon the market arrivals in different states.</p>	<p>Coconut is a perennial crop and seasonal variation in production is not so predominant. Hence limiting the PSS operation to pre fixed term may not yield the desired result. Once the procurement under PSS is commenced, the same should be continued till the market price exceeds MSP price. If procurement is limited to prefixed term, traders, middlemen and processors are likely to be kept away or reduce their procurement from the market during the PSS period, which may trigger further price crash. Hence the Board has concurred with the views of CACP that the procurement operations are to be continued till the price exceeds MSP.</p> <p>DAC & FW has already initiated the process for enhancement of procurement limit under PSS from existing 25% to 40% of total production. The procurement of copra would be restricted to 6 months from its peak arrival period.</p>	<p>Cooperation Division National Agricultural Cooperative Marketing Federation of India Limited (NAFED) and National Cooperative Consumer's Federation of India Limited (NCCF).</p>

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S.No	Recommendation	View of the Department	Ministry/Deptt. / Division/ State Govt. for Follow-up Action
5.	<p>The 'Comprehensive Scheme (CS) for studying the Cost of Cultivation of Principal Crops in India' covers three states for coconut viz. Kerala, Tamil Nadu and Karnataka. However, sample size in case of Karnataka is very small. The Commission recommends that the CS should cover Andhra Pradesh and increase sample size for Karnataka to get more reliable and representative all-India cost of production estimates.</p>	<p>For the block period 2017-20, Andhra Pradesh has been included in the CS Scheme for collection of cost data of coconut crop. An increase in sample size of coconut crop in Karnataka will necessitate changes/ modifications in the sampling design for coconut crop under CS Scheme which can be exercised only on the recommendations of Expert Committee, which is periodically constituted for reviewing the methodology.</p>	<p>Cost Study Division, DES</p>
6.	<p>Consumption of coconut oil has been declining worldwide due to higher prices relative to other competing oils available in the market and perceived health issues. In this changing scenario, it is important to diversify into other-value added products and fully utilize coconut by-products to make coconut sector competitive and profitable. Currently, domestic prices of copra and coconut oil are ruling above world prices and this will limit the scope for increasing export of coconut oil. Moreover, demand for coconut based value-added products has been rising. Therefore, it is important to focus on production and exports of value-added products which have great demand in international market.</p>	<p>The marketable value added products includes packed tender coconut water, coconut milk and milk based products, spray dried milk powder, coconut chips, coconut based dairy products, coconut water based beverage, vinegar, snowball-tender-coconut etc. were developed during this period. Some of these products viz. coconut milk, coconut cream, spray dried coconut milk powder, vinegar, packed tender coconut water and virgin coconut oil have been produced on commercial scale. CDB also made strategic efforts and motivated entrepreneurs and industrialist to exhibit their products in national and international trade fairs and exhibitions, to get better access to potential markets.</p>	<p>Trade, Marketing, Cooperation and Horticulture Divisions of DAC & FW, NAFED, CDB and Department of Commerce.</p>

Commendation	View of the Department	Ministry/Deptt. / Division/ State Govt. for Follow-up Action
<p>7. Strong taste preferences prevail for some oils but there is a high degree of consumption substitution among the vegetable oils. Patterns of edible oil consumption in India have changed with increased urbanization, rising income, improved standards of living and food safety concerns. Coconut oil is still an important cooking medium in Southern parts of the country but its relative importance has been declining due to availability of cheaper substitutes. Production and consumption trends of vegetable oils in India indicate widening gap between domestic production and consumption. The share of imports in total availability of edible oils has increased from about 10 percent in early-1990s to about 70 percent in 2015-16, mainly due to imports of low-priced palm oil and soyabean oil. Therefore, import duty on edible oils needs to be linked to world prices with higher import duty on refined oils than crude oils.</p>	<p>The import duties of edible oil especially palm oil which is considered a close substitute of coconut oil, needs to be rationalized. Since India is deficient in edible oil, export of edible oil is banned. However, there is no dearth of coconut oil in the country and hence its export can be encouraged. Because of blanket ban on export of edible oil, coconut oil is hardly getting export encouragement.</p>	<p>Trade, Marketing Divisions of DAC &FW and Department of Commerce (DGFT).</p>