

CHAPTER IV

CASH CROPS AND OTHER EXPORT PRODUCTS

The Kerala economy is dependent on the World market conditions to a larger extent than any other State in India. The year under review has been extremely favourable to Kerala from the point of view of its earnings from its cash crops and other export products. The prices of most of the products have been much above those prevailing during the preceding years ; this caused in many cases a reduced off take, but that reduction could not completely cancel the effect of the price rise on total earnings. Table 4.1 gives the value and quantity of the principal commodities exported through the Kerala ports in 1958-59 (July-June). The total value of export is seen to be Rs. 93 crores which is greater than the value of export from the same ports in 1957-58 by as much as Rs. 11 crores, that is to say by 12 per cent. It is not as yet known how much of this represents export to foreign countries and how much to other Indian ports ; but the latter is hardly likely to be more than Rs. 25 crores at the most. Hence it may be concluded that the export of foreign countries amounted to a minimum of Rs. 68 crores and of that, Kerala's share must be at least Rs. 60 crores. Even this represents a 20 per cent increase over its earnings during the preceding years which, we have seen, were of the order of Rs. 50 crores.

4.2. A detailed study of the trends in export from Kerala in 1959 as compared with 1958 as yet is not possible as the latest figures available refer to the year 1958-59 (July-June). All that is possible is to compare the figures for the first half of 1958 with those of 1959. Table 4.2 gives commodity wise breakdown for exports to foreign as well as Indian ports during the first six months of 1958 and 1959. Export during this period of 1959 is seen to be higher than that of 1958 by about Rs. 7 crores i.e., by about 17 per cent. Examining individual commodities we find that the value earned by most of them have been much higher in 1959 than in 1958, even though quantity exported of practically all the more important products of Kerala have been less. In those cases where the value also has fallen it has done so to a very much smaller extent than the fall in the corresponding quantity. The quantities exported of coconut products (copra, coconut oil, etc.)

TABLE—4.1.

Exports from the ports of Kerala 1958-59

No.	Commodity	Unit	Quantity	Value (Rs. lakhs)
1	Betel Nuts	ooo cwt.	94.50	213.52
2	Cardamoms	ooo cwt	5.40	59.86
3	Cashew-Kernels	lakh cwt	6.86	1395.54
4	Cashew Shell Liquid	ooo cwt.	68.80	29.37
5	Cocoanuts	crores	11.30	281.88
6	Cocoanut Oil	lakh cwt.	1.78	220.29
7	Copra	"	4.66	527.59
8	Coffee	"	1.03	243.69
9	Coir and Coir Products	"	16.61	937.90
10	Fish and Meats	"	1.18	155.73
11	Ginger	"	1.68	74.00
12	Lemongrass Oil	lakh gals.	2.93	95.23
13	Oil Cake	lakh cwt.	1.34	25.63
14	Pepper	"	3.21	362.16
15	Rubber	"	4.11	709.58
16	Tea	Million lbs	91.63	2373.89
17	Wood and Timber	ooo C. T.*	7.96	320.88
18	Manioc meals	ooo tons	104.56	272.03
19	Sundries	"	"	1031.27
Total		"	"	9330.04

*C. T.— Calculated tons.

TABLE—4.2.

Exports from the ports of Kerala

Sl. No.	Commodity	Unit	January to June 1958		January to June 1959	
			Quantity	Value	Quantity	Value
			(Rs. lakhs)		(Rs. lakhs)	
1	Betal Nuts	ooo cwt	32.00	61.18	37.04	85.77
2	Cardamoms	„	3.00	32.59	2.95	33.42
3	Cashew Kernals	Lakh cwt	2.92	481.99	2.89	596.45
4	Cashew Shell					
	Liquid	ooo cwt	29.70	12.35	39.42	17.86
5	Cocoanut	crores	7.39	156.77	4.70	159.48
6	Copra	lakh cwt	1.49	132.47	3.61	442.89
7	Coffee	ooo cwt	30.05	78.24	77.24	184.49
8	Coir and Coir Products	„	81.67	412.20	81.10	511.84
9	Fish and Meats	„	58.28	78.34	70.30	75.66
10	Ginger	ooo cwt	98.37	48.94	76.19	44.72
11	Cocoanut Oil	„	0.90	83.21	1.22	156.76
12	Lemongrass oil	ooo gallons	96.92	34.05	82.00	27.12
13	Oil Cake	ooo cwt	45.08	10.43	84.75	17.53
14	Pepper	lakh cwt	2.32	229.68	1.53	166.28
15	Rubber	„	2.15	331.51	1.99	351.61
16	Tea	million lbs	52.70	1289.04	42.56	1208.43
17	Wood & Timber	ooo C.T.	31.37	110.23	82.00	231.77
18	Manioc Meals	ooo cwt.	24.47	59.50	30.30	78.87
19	Sundries	..	..	567.06	..	538.72
Total			..	4209.78	..	4929.67

TABLE 4-3

Statement showing the Price trends of some of the Important Commodities of Kerala during January 1959 to January 1960

Sl. No.	Commodity.	Unit.	Centre.	1959					
				January	February	March	April	May	June
1	Pepper	Candy	Cochin	590.56	742.84	664.72	651.65	648.46	640.00
2	Ginger (dry)	"	"	409.81	569.16	477.82	475.97	451.25	418.12
3	Turmeric	"	Kozhikode	175.00	175.00	200.00	283.27	312.50	312.50
4	Cardamom	Lbs.	"	6.00	6.37	6.69	6.00	6.00	6.00
5	Areca nut	cwts.	"	196.46	206.88	207.39	197.75	189.27	187.50
6	Coffee (Robusta)	"	"	192.50	190.00	190.00	188.40	175.00	175.00
7	Tea	Lbs.	Cochin	2.04	2.23	2.25	2.31	2.46	2.61
8	Rubber	"	Alleppey	1.56	1.56	1.56	1.56	1.56	1.56
9	Lemongrass Oil	12 bottles	Cochin	52.43	61.26	55.57	56.57	65.31	65.21
10	Cashew	Candy	Kozhikode	...	165.00	178.05	198.48	190.88	175.00
11	Coir Yarn:—								
	Anjengo	"	Alleppey	280.00	280.00	280.25	280.20	279.58	281.04
	Mangadan	"	Cochin	252.92	250.00	252.08	257.73	252.67	259.00
	Bey pore	"	Kozhikode	189.58	190.00	191.28	198.00	198.33	187.21
12	Coconut (with husk)	1000 Nos.	Cochin	207.79	228.96	216.04	214.12	215.96	217.78
13	Coconut without husk	"	"	182.79	203.96	196.46	190.28	185.98	189.48
14	Copra	Candy	"	434.81	422.60	417.62	400.79	415.87	418.71
15	Coconut Oil	"	"	640.36	623.14	600.17	588.13	605.48	608.34
16	Coconut Oil Cake	"	"	114.52	111.92	105.32	112.08	122.75	128.02

Statement showing the Price trends of some of the Important Commodities of Kerala during January 1959 to January 1960—(contd.)

1960

1959

Sl. No.	Commodities.	Unit.	Centre.	July	August	Sept.	Octr.	Novr.	Decr.	January
1	Pepper	Candy	Cochin	672.83	731.73	778.95	806.55	1022.59	1228.83	1823.75
2	Ginger (dry)	"	"	445.50	460.50	455.18	433.14	456.21	498.00	650.00
3	Turmeric	"	Kozhikode	312.50	312.50	312.50	328.40	365.00	355.00	355.00
4	Cardamom	Lbs.	"	6.00	6.00	6.00	6.00	6.00	6.90	8.00
5	Areacanut	cwts.	"	186.15	180.09	180.03	180.00	180.00	180.00	175.00
6	Coffee (Robusta)	"	"	175.33	175.12	175.00	175.00	175.00	175.00	175.00
7	Tea	Lbs.	Cochin	2.30	2.44	2.52	2.61	2.54	2.56	2.48
8	Rubber	"	Alleppey	1.56	1.56	1.56	1.56	1.56	1.51	1.58
9	Lemongrass Oil	12 bottles	Cochin	68.55	81.62	90.63	96.67	148.12	150.03	155.62
10	Cashew	Candy	Kozhikode	...	...	...	...	...	...	...
11	Coir Yarn:—									
	Anjengo	"	Alleppey	274.60	277.69	266.77	269.83	274.58	281.83	275.00
	Mangadan	"	Cochin	260.00	263.83	260.42	258.67	260.00	260.00	260.00
	Beypore	"	Kozhikode	183.67	184.34	185.00	186.00	195.00	197.25	210.00
12	Coconut (with husk) 1000 Nos.	"	Cochin	210.19	203.86	203.33	205.00	202.50	209.78	228.00
13	Coconut (without husk)	"	"	185.82	180.10	178.44	180.92	179.17	181.23	198.00
14	Copra	Candy	"	419.21	417.70	431.25	447.60	442.72	443.14	447.14
15	Coconut Oil	"	"	610.75	609.99	630.56	651.02	654.33	653.77	654.32
16	Coconut Oil Cake	"	"	129.61	119.48	123.44	129.40	120.31	116.16	126.88

however mark a substantial rise, though that of coconut itself has drastically fallen. Among the other commodities, the quantity of export of which have increased are timber, fish and fish products, and oil cake. Further details about the market conditions for each individual important export product of Kerala during the year under review are given below. Table 4.3 gives the average monthly prices of these commodities in some of the important trading centres in the State.

Pepper.

4.3. In India, pepper production is almost entirely concentrated in the State of Kerala, and as such its trade is very important to the State's economy. In the spices group this single item till recently earned for India and Kerala the largest volume of foreign exchange. The final estimates for 1958-59 regarding pepper production given below show the importance of Kerala as a pepper producer.

TABLE—4.4
Pepper production in 1958-59.

		<i>Tons.</i>
Kerala	...	25,000
Madras	...	50
Mysore	...	600
		<hr/>
Total	...	25,650
		<hr/>

U.S.A. has been traditionally the biggest importer of Indian Pepper. Among the other buyers the most important are the U.K., the West European countries and the Middle Eastern and Latin American countries. While the total export of Indian pepper has been falling during the past few years, we have been able to attract new markets. India held a practical monopoly of the World market in pepper during the last war and for some years in the post-war period. But of late Indonesia, Sarauak and Malaya have developed as our rivals and have begun to compete with us in the World market. Production in these countries has therefore become an important factor in our pepper trade.

4.4. The last few years have been marked with two distinct trends as far as pepper is concerned, as can be seen from the table below, namely decrease in offtake and fall in prices.

TABLE—4.5

Export of Pepper from India.

Year (April—March)	Quantity (lakh cwts.)	Value (Rs. crores)	Average Price (Rs. per cwt.)
1950—51	3.08	20.40	662
1955—56	2.62	4.71	181
1956—57	2.97	3.39	114
1957—58	2.71	2.84	105
1958—59	2.29	2.46	107

The amount of pepper exported from India in 1958-59 was only a little more than two-thirds of the volume exported in 1950-51. The average price had fallen by the same date to less than a sixth of what it was in 1950-51. The main reason for this fall in exports has been reduced offtake by the traditional buyers. In 1958 the largest buyer was not the U.S.A. but the U.S.S.R. The new countries other than the U.S.S.R. which have been buying Indian pepper during the recent years include Italy, Portugal, Jordan, China and most of the East European countries.

4.5. During the year 1959 the trend for quantity of off-take continued as before as can be seen in the table below:—

TABLE—4.6

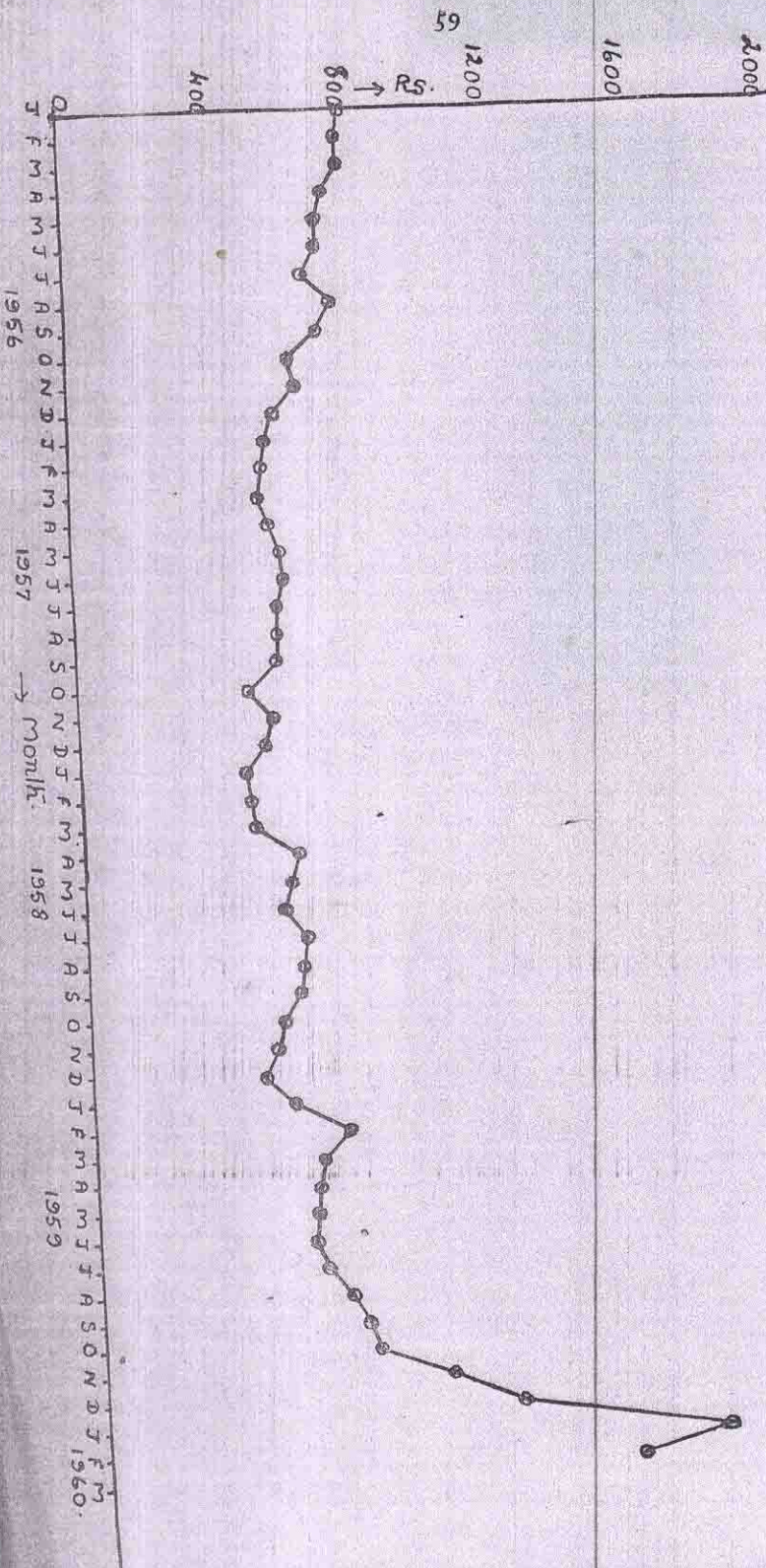
Export of Pepper from India

Year (November-October)	Quantity exported (cwts.)
1957—58	2,61,336
1958—59	2,44,177

The fall in offtake would have been even greater but for the fact that East European countries other than the U.S.S.R. have increased their purchases and there have been a new entrant in the market, namely, China. But the U.S.A., the traditional buyer as well as the U.S.S.R., who have of late become an important buyer, have both taken much less.

Diagram. 4.1

Average Prices
Commodity: Pepper
Unit: Candy.



4.6. But the trend of price movements marked in the same year a most sensational change. There was fierce speculation in prices in January 1959, so much so that the U.S.A. and the U.S.S.R. stopped purchases and the Forward Markets Commission had to intervene to stop the unhealthy price rise. After marking a steep rise from January to March, prices were on a downward move from April to July, but even then the prices were always above those of the corresponding period of 1958 (See diagram 4.1). But in July, the trend reversed, and ever since the prices have continued to soar and have already reached heights never reached since 1954. Even the onset of the new season did not produce any depressing effect on the market. In November, the average monthly price was Rs. 1077 per candy; in January the climb still did not relent and points beyond Rs. 1200 were reached. The phenomenal price rise has been caused by a shortage of supply in the World market as well as in the Indian market in relation with demand. The world market shortage is caused by unsettled political conditions in the South East Asia. The short supply in India was caused by heavy rains preventing the arrival of pepper in the market. The rise in price of pepper has not however benefited the State as a whole, for it has not been able to compensate for the fall in offtake so that the total value earned through its export has actually fallen quite substantially.

Cardamom.

4.7. Like pepper, the production of cardamom in India is also mainly concentrated in Kerala. Its importance as a foreign exchange earner has been steadily rising during the past few years. Between 1950 and 1958 the value of exports has increased from Rs. 1.5 crores to Rs. 3.6 crores.

TABLE—4.7
Export of Cardamom from India

Year.	Quantity (cwts.)	Value (Rs. crores)	Average Price (Rs. per cwt.)
1950-51 (April-March)	12,460	1.5	1204
1952 (January-Decr.)	...	1.8	...
1956 "	...	3.2	...
1957 ...	22,000	2.5	1136
1958 ...	34,000	3.6	1059

Indian cardamom is exported to nearly 60 countries throughout the World. The principal consumers are the U.K., West and East European countries, the Middle Eastern countries, some African countries, Canada, the U.S.A., some South East and Far East countries and New Zealand. Among the continental countries, the best consumer until now has been Sweden. The other principal Cardamom producing countries in the world are Ceylon and Indo-China. But in the post-war period, their production was fallen so much that India now holds a near monopoly in the World market. Moreover, Indian cardamom has a richer oil content and a better flavour than that of the other countries.

4.8. The recent few years' export trend for cardamom has been exactly the opposite of that for pepper. The volume of export has been increasing year by year as well as earning from exports, but the price has been falling. The average price of cardamom in the local markets was Rs. 8.42 per lb. in 1957 and Rs. 7.12 per lb. in 1958. Over the greater part of the current year its price has remained absolutely steady at Rs. 6 per lb. It was higher at the beginning of the year, and again rose to Rs. 8 during the last two weeks of 1959. Quantity exported for 1959 is not yet available but statistics for the first half of the year relating to the ports of Kerala indicate that there might not have been in the year any increase in offtake.

Ginger.

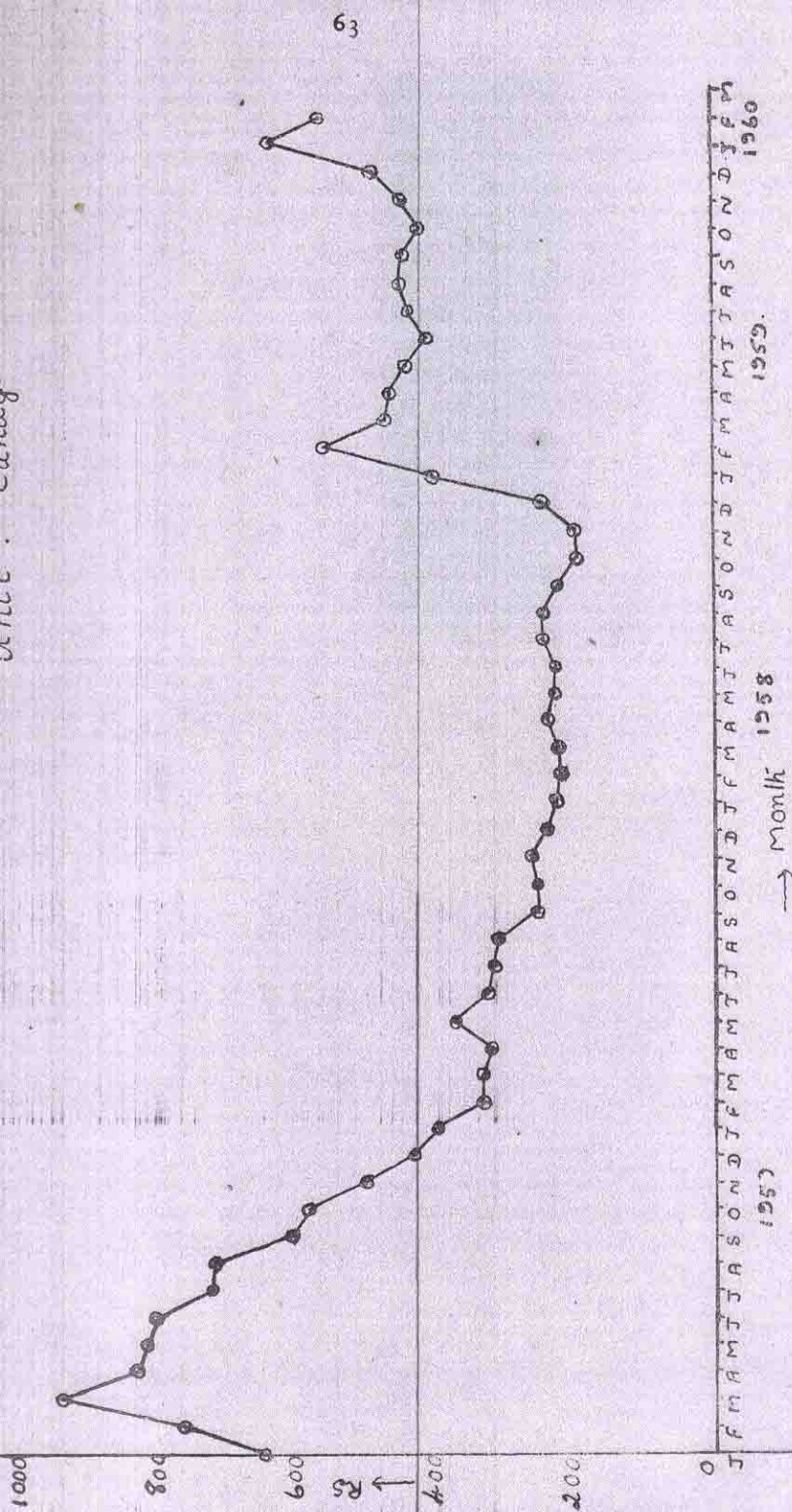
4.9. India is the largest producer of ginger in the World, the other important producing countries being Jamaica, Sierra Leone and China. But they are not serious competitors, for production in the first two countries is far less than that in India, whereas what China produces is green rhizomes and not dry ginger. In India itself, the most important ginger growing State is Kerala. Her production for 1958-59 is 7700 tons out of a total Indian production of 13400 tons.

4.10. While the U.S.A., Canada, the U.K. and Australia import ginger mostly from Sierra Leone and Jamaica, African territories, Saudi Arabia, Aden and other Middle East countries prefer the Indian product. More than half of India's annual exports of ginger go to these countries. The other important countries which import Indian ginger are South Africa, Ceylon, Sudan, Egypt, Iran, the U.K. and the U.S.A.

AVERAGE PRICES

Commodity : Ginger

Unit: Candy.



4.11. The market trends for ginger during the recent years have been exactly the same as for pepper and it has continued to be so in 1959. Like pepper, the quantity of ginger export has been falling drastically over the years accompanied by a fall in its price. During 1954, 1955 and 1956, India's ginger trade was good and her produce fetched high prices. But towards the end of 1956, all producing Countries come out with good crops and as a result the volume of Indian exports fell and at the same time suffered a price fall. In addition to these there came the Suez Crisis; this very badly affected India's ginger trade, as Middle East is its most important market. This gave rise to a serious set back which has since been only further aggravated. The fall in export between 1957 and 1959 is of a severe character as can be seen from the following tables.

TABLE—4.8
Export of Ginger from India

Year	Quantity (tons)	Value (Rs. lakhs)	Average price (Rs. per ton)
1950-51 (April-March)	2193	92.4	4213
1952-53 ,,	3217	52.1	1619
1957 (Jan.-Decr.)	9600	120.0	1250
1958 ,,	5750	50.0	869

TABLE—4.9.
Export of Ginger from India.

Year (Nov.-Oct.)	Quantity (Tons)
1957-58	5794
1958-59	3558

4.12. While the trend of falling volume of offtake continued in 1959 unchanged, that of prices changed in a drastic fashion (See Diagram 4.2). The change occurred in the early months of 1959. From about Rs. 200 per candy in December 1958 prices climbed up to Rs. 570 per candy by February 1959; after that prices fell a little but continued to fluctuate about a level substantially higher

than that of both 1958 and 1957. In December there was once more a break through and prices reached up to Rs. 500 per candy. The price rise is due to a shortage in supply relative to demand from the traditional buyers.

Lemongrass Oil:

4.13. World demand for this oil is mostly satisfied by India and within India, Kerala has got a near monopoly over its production. Although the grass is grown in many countries like Ceylon, Java, West Indies, and Malaya, the systematic cultivation of this crop for distillation purposes is largely confined to India and Guatemala. China however is exporting a good substitute for the oil.

4.14. USA which brought very large quantities of the oil during the World War II is still the biggest customer. Other important buyers are the U. K., France, Switzerland, Germany and Australia. Recently the Soviet Union too has entered the market.

4.15. In spite of the fact that India still leads in the volume of output, she has not been able to keep control over the market. Earnings from the sale of this product has been less and less in keeping with the quantity sold. That is to say average prices have been falling drastically during the past few years.

TABLE—4.10
Export of Lemongrass Oil from India.

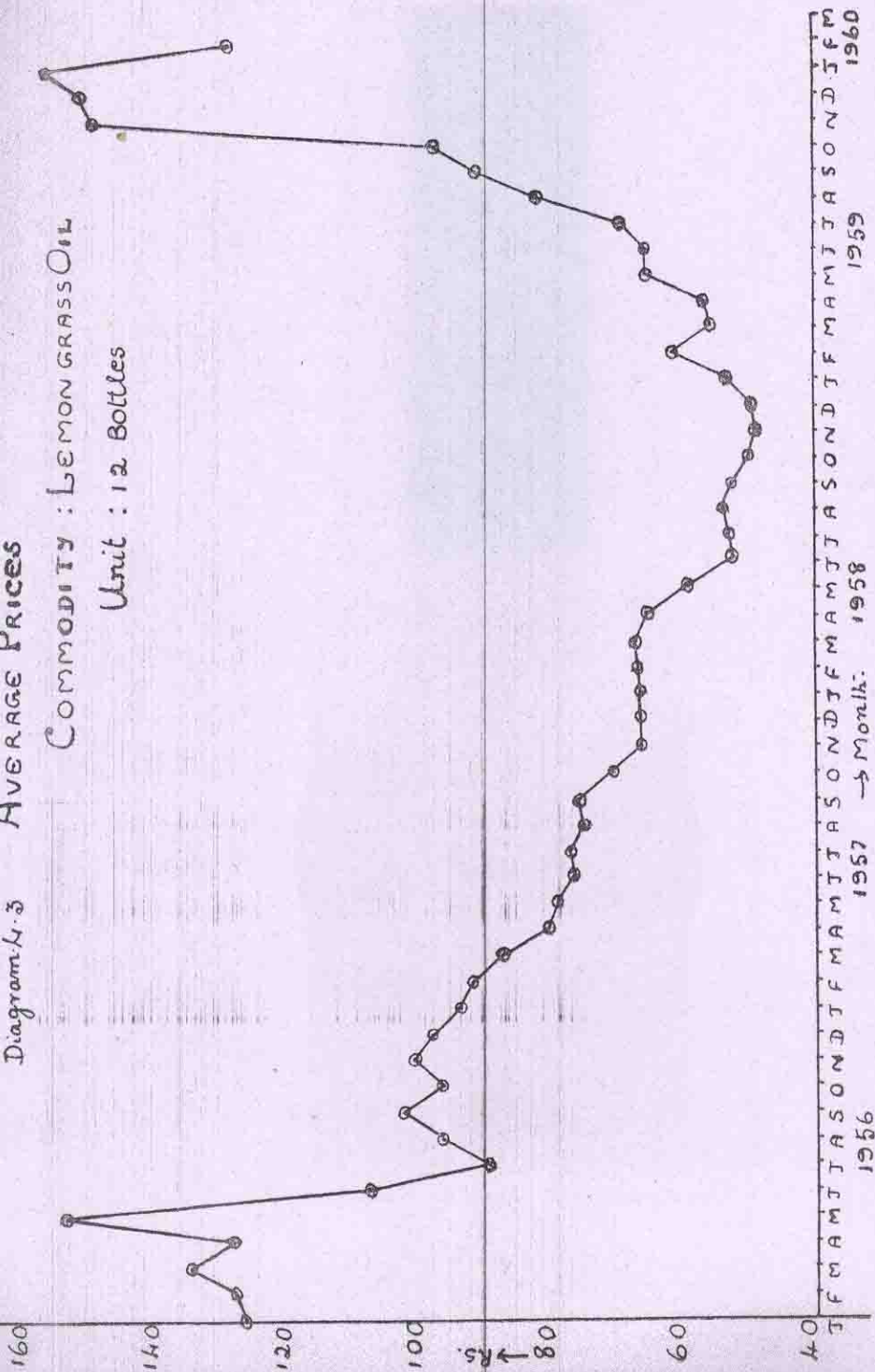
Year	Quantity (000 lb.)	Value (Rs. crores)	Average price (Rs. per lb.)
1950-51 (April-March)	1,149	1.33	11.54
1952-53 "	839	0.39	4.67
1956-57 "	2,211	1.44	6.51
1957-58 "	3,034	1.48	4.87
1958 (April-November)	1,976	0.72	3.62

4.16. A reversal of the falling price trend observed during the last few years was noticed in January 1959 and has persisted right through the year (See diagram 4.3). From Rs. 52.43 per dozen bottles in that month, the average wholesale price has risen to Rs. 155.62 by January 1960. The most important reason for this rising price trend is a fall in output. Unremunerative prices in the past years

Diagram 4.3

COMMODITY : LEMON GRASS OIL

Unit : 12 Bottles



made the growers produce less. It has been estimated that the export of this oil in 1959 (January-December) has been only 2.24 million lbs. whereas during the preceding year 1958 (January-December) it was 2.8 million lbs. There was thus a shortage in the World market and buyers were ready to pay higher prices. Besides the play of supply and demand, the forward marketeers too have helped enhancing the prices. No drastic fall in prices need be feared in the near future. Apart from foreign buyers, the home market is also expected to increase its demand for the oil, particularly as Government of India is encouraging its internal consumption. It has already given license to two companies to produce Vitamin A from this oil.

Coffee.

Quantitatively India's position in the World of Coffee is not very important. India's contribution to the total World production is a little less than 1 per cent and the acreage under Coffee in India is a little above 2 per cent of the World acreage. In India, the States of Mysore, Madras and Kerala are the important coffee producing States. But among these States, Kerala comes last. In 1955-56, out of a total Indian production of 34,235,000 lbs. Kerala's contribution was only 519,000 lbs.

4.18. Important suppliers of coffee to the World Market are Brazil (which satisfies more than two thirds of the World demand) Abyssinia, Arabia, Colombo and Jamaica. Even though India's place is fairly low down in the list of Coffee producing countries, the quality of her produce enjoys good reputation. This has enabled India to export her produce to the U. K., many of the continental countries, the Middle East, Ceylon, Australia, the U. S. A. and many other countries. Much of our coffee has found its way in countries such as the U. S. S. R., East Germany and Japan. Table 4.11 shows India's export of coffee during a few recent years.

TABLE—4.11
Coffee Exports.

<i>Crop Year</i>	<i>Exports (tonnes)</i>	<i>Value (Rs. crores)</i>	<i>Average price (Rs. per tonne)</i>
1950-51	305	0.21	6,904
1951-52	2,235	2.72	12,155
1955-56	8,082	5.53	6,845
1956-57	15,472	8.41	5,436
1957-58	14,281	6.24	4,369

4.19. Out of an allotment of 17,000 tonnes out of the 1958-59 crop for export, 15867 tonnes were sold till the end of December 1959. But the prospects of any further sizeable increase in the export of Indian coffee are not bright, at least in the near future ; for Brazil, Africa and other producing countries in Asia are all increasing their production and that is true of India too. The following figures show how India's production of coffee is increasing year by year.

TABLE—4.12
Coffee Receipts in the Pool

Crop year	Quantity (tonnes)
1957-58 (actual receipts)	44,205
1958-59 „	46,200
1959-60 (anticipated)	47,725

4.20. If demand for Indian coffee in the World market is remaining unchanged, that in the internal market is increasing fast, thanks to which a glut in the coffee market has so far been prevented. The following table shows the trend of internal demand.

TABLE—4.13
Coffee released to the International Market

Year	Quantity (tonnes)
1953	15,428
1956	24,189
1958	27,570
1959	30,114

4.21. According to the FAO's Monthly Bulletin of Agricultural Economic Statistics, World Coffee prices are continuing the downward trend begun in 1957. The following figures show that this World trend of prices is reflected only in the Robusta variety of Indian Coffee, the production of which has been very high this year. Production of the first two varieties has been small this year in comparison with that of the previous year, and in any

case there is always very good demand for these two varieties ; as such they have not suffered any price fall. (see table below).

TABLE—4.14
Average prices secured in pool sales
(Rs. per 50 Kgs)

Year (Jan-Dec.)	Plantation	Arabica cherry	Robusta cherry
1956	213.44	186.62	157.25
1957	222.70	185.97	162.11
1958	217.36	182.60	160.87
1959	235.19	186.96	155.64

4.22. Wholesale prices of Robusta Coffee at the Calicut market which were around Rs. 190 per candy towards the beginning of 1959 fell to Rs. 175 by the middle of the year and have remained steady since then. (see Diagram 4.4)

Rubber :

4.23. India accounts for hardly one per cent of the World's total production of rubber. The principal rubber producing countries in the world are Malaya, Indonesia, Ceylon, Thailand, Vietnam, Nigeria, Belgian Congo etc. In India, rubber is grown only in the southern states of Kerala, Madras and Mysore, Kerala occupying the highest place both in the area under cultivation and production. In 1958 out of India's total production of 24,328 tons, Kerala alone accounted for 22,159 tons.

4.24. India has been exporting raw rubber till recently, but the volume of export dwindled as rubber manufacturing industries began to expand here. In 1950-51 she was exporting rubber to the U.K., the U.S.A., Canada and Ceylon. By 1954-55, there was export of raw rubber from India only to the U.K. In 1957-58, there was no export at all of raw rubber from Cochin to foreign countries.

4.25. The Tariff Commission in 1951, fixed a price of Rs. 128.50 per 100 lb. for one year. In 1952 the question was re-examined and the price was raised to Rs. 138.00 per 100 lb.

In February 1955, it was raised to Rs. 150.00 per 100 lb. of Group I which was again raised to Rs. 155.75 and this price has been prevailing since then. Rubber growers in India have been pressing to raise the statutory prices. But the Tariff Commission to which the question has been referred, has not submitted its report yet.

4.26. As home production is not able to keep pace with the increased home demand, and India has to depend on imports, any fall in World prices to a level lower than that fixed in India may have repercussion on the Indian economy. But World demand for rubber has always been on the increase and hence such a situation has not seriously developed so far.

4.27. Early this year, the price of natural rubber in the London Market rose to its highest level since June 1957. A price fall feared in April-May 1959 was averted due to the entry of Russia and China into the rubber markets at Singapore and in June 1959 the price at Singapore was Rs. 166 per 100 lb. Table 4.15 shows how demand and supply of rubber in the World market have both increased in 1959. Table 4.16 below shows the growth of rubber consumption in India during the year under review.

TABLE—4.15

World Production & Consumption of Rubber (Natural and Synthetic)

Year	Output (tons)	Consumption (tons)
1958 (Jan-Oct.)	2,590,000	2,645,000
1959 „	2,950,000	3,015,000

TABLE—4.16

Natural Rubber Situation in India

Year	Production Tons	Consumption Tons	Imports
1958 (Jan-Sept.)	16,456	26,493	8,245
1959 (Jan-Sept.)	15,294	29,110	11,224

Tea.

4.28. India is the largest tea producing country in the World. The table below shows the position of Indian production vis-a-vis the world production.

TABLE—4.17

Production of Tea in the World—India, & Kerala

Year (Jan-Dec.)	Total World Production	Total Indian Production	Total South Indian Production	(million lb.) Production in Kerala
1951	1411	625	115	57†
1955	1690	668	129	59†
1956	1716	667	127	68
1957	1737	679	150	78
1958*	1855	714	158	80

*Provisional.

†Refers to the former T.-C. State.

Between 1951 and 1958, India's share in the world production fell from 43 per cent to 38 per cent. Ceylon, Indonesia, and British East Africa are India's main competitors. Chinese competition is also being increasingly felt. But inspite of the fact that these countries too have been increasing their production of tea, India has been able to maintain her hold on the World market. The strength of Indian tea in the World market derives from its high quality as well as its favourable price when compared with the tea from other tea producing countries.

4.29. The following table shows that the trend in terms both of the volume of export as well as its average price has been quite satisfactory.

TABLE—4.18

Export of Tea from India

Year (Jan-Dec.)	Quantity (Million Lbs.)	Value (Rs. crores)	Average price (Rs. per lb.)
1951	454.1	96.0	2.11
1955	367.5	113.6	2.09
1956	523.5	142.8	2.73
1957	442.6	123.3	2.78
1958	505.9	136.5	2.69

The table below shows that as far South Indian tea is concerned, the trend of export is a consistently rising one and thus even more satisfactory.

TABLE—4.19
Sale and Export of Tea at Cochin
(figures in million lbs.)

Year (Jan-Dec.)	Total Sale	Export	Internal Consumption
1951	20	18	2
1955	35	25	10
1956	42	31	11
1957	53	38	15
1958	55	37	18

4.30. Both the quantity of export and earnings from the export of Indian tea were higher in 1958 than in 1957. There was appreciable increase in the exports to each of the three most important tea markets in the World, namely the U.K., the U.S.A., and the U.S.S.R. In 1959 there has been a distinct rise in prices over the levels of both 1957 and 1958. This is clearly seen from Diagram 4.5. There has been good demand for tea at the Cochin Market throughout the year. The price rise is due to a shortage in supply relative to demand, a shortage caused by a short fall in the production of South Indian tea. Table 4.20 below shows the position clearly.

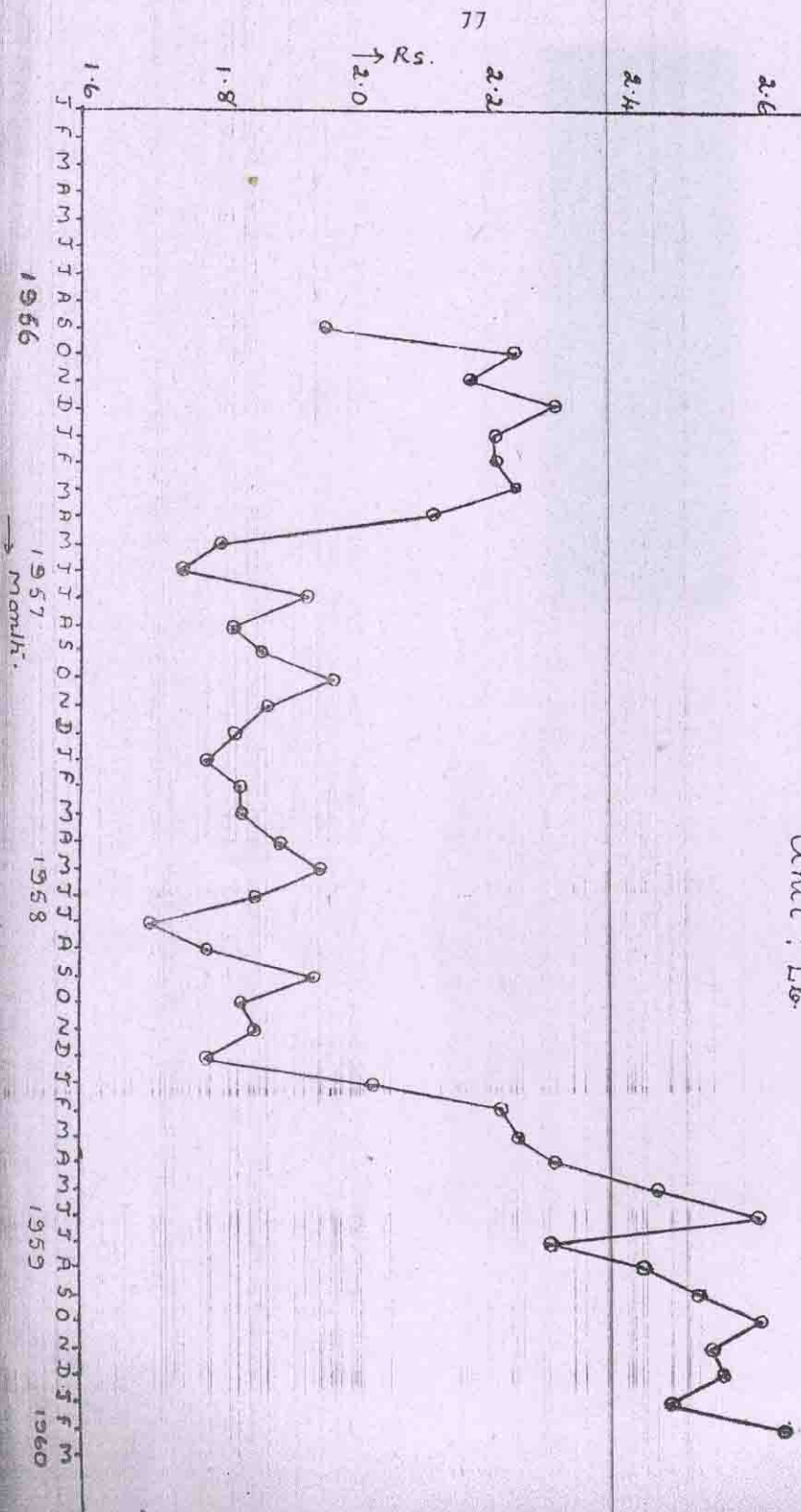
TABLE—4.20
Comparative Figures of Production & Export in 1958 & 1959

Date	Quantity (million lbs.)
North Indian Production 1958 (January-December)	556
1959 do.	558
South Indian Production 1958 (January-November)	148
1959 do.	137
South Indian Export 1958 (January-mid-October)	78
1959 do.	62

Average Prices.

Commodity Tea

Unit: Lb.



Cashew:

4.31. Kerala holds a 'near monopoly position in the world production and sale of cashew kernels. Very much smaller amounts are produced in Madras and Andhra in India. In addition to the raw nuts produced in the country between 50 and 100 thousand tons of raw nuts are imported into India annually from Africa. Indian cashew kernel has to face competition in the World market only from other nuts, and so far they have not taken the place of cashew kernels. Attempts to use African nuts locally for the extraction of kernel is a potential threat to the Indian Industry but the potential is as yet far from realisation. The U.S.A., is traditionally the leading importer of Indian cashew kernels. The other big consumers are the U.K., Canada, Australia, and many countries of Western Europe. Recently, the U.S.S.R. has been buying Indian cashew kernels in large quantities. Between 1957-58 and 1958-59, she increased her import of cashew kernels from 37,380 cwts. to 1,28,471 cwts, whereas the off take of the U. S. A., over the same period showed a decline amounting to more than 50,000 cwts. Many other old markets are increasing their off take. Some new markets penetrated by the Indian Cashew are East Germany, Yugoslavia, Peru & Iran. Japan, in addition to the off take of 1,300 cwts. of kernels between January-July 1959, allotted additional foreign exchange worth 1 lakh American Dollars for further purchases.

4.32. The following two tables show the trends of import of raw nuts and export of cashew kernels during the last few years.

TABLE—4.21
Import of Raw Nuts into India

<i>Year</i> (Jan-Dec.)	<i>Quantity</i> (lakh Cwts)	<i>Value</i> (Rs. crores.)	<i>Average price</i> (Rs. per candy)
1951-52	8.4	3.3	234
1955-56	13.8	5.7	247
1956-57	19.1	7.3	229
1957-58	24.1	7.5	186

TABLE—4.22

Export of Cashew Kernels from India.

Year (April-March)	Quantity (tons)	Value (Rs. crores)	Average price (Rs. per ton)
1950-51	25,400	8.55	3366.00
1955-56	30,850	12.92	4188.00
1956-57	30,750	14.53	4725.20
1957-58	36,150	15.16	4193.60
1958-59	40,350	15.85	3928.00

It can be seen that the trend upto 1958-59 was for both import of raw nuts and export of kernel to go up. It is of course natural that the two should move together, considering that Indian production can meet only a part of the requirements of raw nuts in the export industry. It is also seen that the average import price of raw nut has been during the recent years systematically falling but that of exported kernel is more or less maintaining its level. This is a clear indication that the Industry has been enjoying flourishing conditions during these years. As to the year under review, figures available (see Tables 4.23 and 4.24) indicate that there has been a drastic fall in the import of raw nuts but the rising trend of export of cashew kernels has been maintained. This indicates a substantially higher Indian production of raw nuts this year. The average import price of raw nuts as well as the average export price of kernels have both remained in 1959 more or less where they were in 1958.

TABLE—4.23

Import of Raw nuts in 1958 and 1959

Year (Jan-Aug.)	Quantity (lakh cwts)	Value (Rs. crores)	Average price (Rs. per candy)
1958	17.0	5.31	208
1959	11.5	3.64	212

TABLE—4.24

Export of Cashew Kernals in 1958 & 1959

Year (Jan-Sept)	Quantity tons	Value (Rs. crores)	Average price (Rs. per ton)
1958	28,150	11.11	3947
1959	29,550	11.79	3990

Coir Products :

4.33. Coir is a valuable foreign exchange earning industry of India concentrated almost entirely in Kerala which is suffering some decline in importance in the World market. The important consumers of Indian Coir Yarn are the Netherlands, West Germany, United Kingdom, France, Italy, Belgium and Switzerland. The U.S.A., Canada, Australia, Africa and Burma also take some quantities. The principal markets for our Coir manufactures are the U.K., the U.S.A., Canada, Australia and New Zealand. Ceylon is the only country which produces and exports Coir yarn in large quantities so as to be a potential rival to India. Among the Indian States, Bombay is the only state that can possibly develop into an important competitor to Kerala. Mysore is also trying to develop the industry. But the bigger threat to coir yarn is from its substitutes like Sisal, Manila, and Jute; and the really serious competition is in the field of manufactured products coming from the continental countries that import yarn from India for making various products out of them.

4.34. The table below shows the trends in the export of Coir Yarn and Coir Products.

TABLE—4.25

Export of Coir Yarn & Other Coir Products

Year (Apr.-March)	Coir Yarn		Average Price (Rs per cwt.)	All Coir Products	
	Quantity (000 cwt)	Value (Rs. lakhs)		Quantity (000 cwt)	Value (Rs. lakhs)
1950-51	1121	722.84	64.52	1579	1085.96
1951-52	905	658.92	72.81	1231	1026.58
1952-53	968	455.03	47.01	1299	722.77
1953-54	1112	493.28	44.36	1538	820.21
1954-55	1088	521.77	47.96	1522	849.46
1955-56	1104	580.53	52.61	1519	909.40
1956-57	1232	655.99	53.25	1617	967.12
1957-58	1027	513.72	50.02	1394	793.86

Kerala being the largest producer of coir products in India, by far the largest part of their exports takes place through the ports of Kerala. The following table show the export earnings from Coir exported through Cochin, Calicut and Alleppey.

TABLE—4.26

Export earnings from Coir Exports from the Ports of Kerala

<i>Year (July-June)</i>	<i>Earnings (Rs. lakhs)</i>
1953-54	804
1954-55	731
1955-56	857
1956-57	878
1957-58	801

4.35. The Coir Industry is thus seen to be stagnating since a long time. The quantity of export as well as the average price are hovering around the same levels for years. The situation slightly improved in 1958-59 when both the quantity and value of export of Coir Products increased. Figures for the whole of India are not yet available, but the following table shows the position for the three above mentioned ports of Kerala.

TABLE—4.27

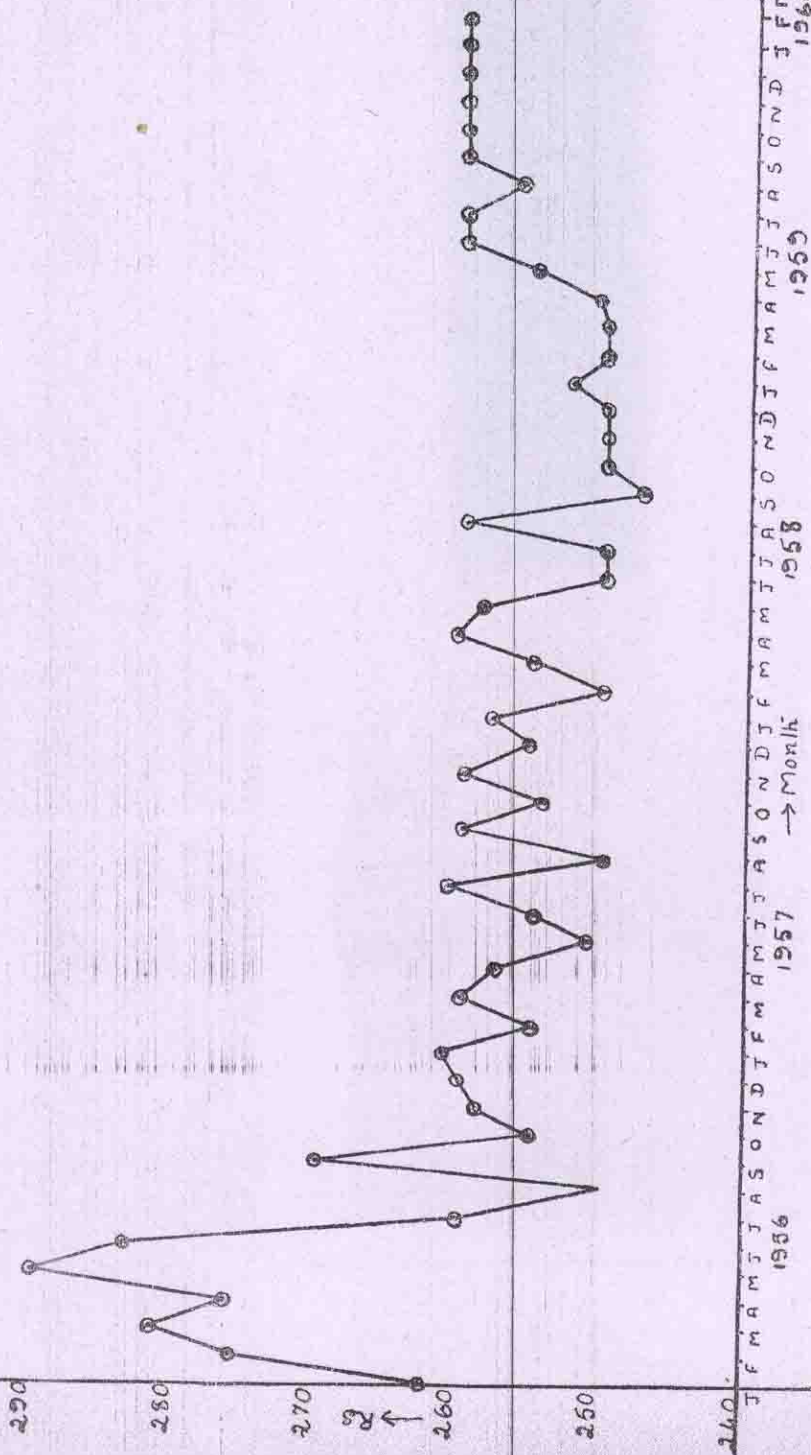
Exports of Coir Products through Kerala Ports

<i>Year (July-June)</i>	<i>Quantity (lakh cwts)</i>	<i>Value (Rs. crores)</i>
1957-58	13.79	8.02
1958-59	16.61	9.38

There are however no indications that this trend has continued in 1959. As a matter of fact, it seems that the increased export took place during the second half of 1958 as compared with that of 1957. For as between the first half of 1958 and 1959 there is hardly any change in the quantity exported (see Table 4.2), though the value of export is a little higher in 1959. There has not been any

AVERAGE PRICES

Diagram: 46

Commodity: Coin Yarn
Unit: Candy.

discernible direction in the movement of prices during the course of 1959. (See Diagram 4.6). There are no signs that this problem industry is going to know any spectacular improvement in the near future.

4.36. The market situation however is far from being desperate. The export of coir yarn and manufactured products can be boosted to a great extent provided certain vigorous measures are taken. The atmosphere is favourable for such measures. Thus, for instance, the price of Sisal fibre has been reported as being on the increase. The Coir Board Delegation which went out to study the demand for Coir products in different countries of America and Europe have come back with the conviction that coir can be made to have a solid position in the world market provided more attention is paid to its quality.

Arecanut.

4.37. In India, arecanut is grown in Bengal, Madras, Bombay, Assam, Mysore and Kerala. The total production of arecanut in 1956-57 was 23,34,290 standard maunds of which about half was produced in Kerala. India is not self-sufficient in arecanut but has to import large quantities of it, mainly from Singapore, Malaya and Ceylon. The quantity and value of arecanut imported show wide fluctuation over the years, resulting from the periodic changes in the import policy of the Government of India. The following two tables show the picture for some of the past years, bringing out the highly fluctuating character of the volume of import and average import price:—

TABLE—4.28

Import of Arecanut (1951-'52 to 1957-'58)

Year (Apr.-Mar.)	Quantity imported (lakh mds.)	Value (Rs. crores)	Average price (Rs. per maund)
1951-52	13.55	5.57	41.11
1954-55	7.94	2.16	27.20
1956-57	10.90	5.44	49.91
1957-58	8.26	9.97	35.95

TABLE—4.29
Import of Arecanut in 1958&1959

Year	Quantity (lakh maunds)	Value (Rs. lakhs)
1958 (Jan.-June)	2.98	67.48
1959 ,,	1.98	30.98

It appears that the volume of import is rapidly declining during the last two or three years. The import in the current year will be only about two thirds of that of 1958.

4.38. Factors affecting the prices of arecanut in India are the quality of nuts, their moisture content, localised demand and supply, etc. The different types of arecanut have localised demand and as such the price of one type at one centre need not show any similarity to that of the price of another type in another area. This to a certain extent explains the differences among the prices at Kozhikode and other centres. Prices are also subject to seasonal variations. Prices at Kozhikode have been gently falling during the year 1959. But arecanut trade in other important markets have made definite improvements during the last year, as seen from the following figures :—

TABLE—4.30
Arrival and Disposal of Arecanut

Markets	1958 (Jan.-Sept.) 000 mds.	1959 (Jan.-Sept.) 000 mds.
Arrival—Mangalore	50.88	263.42
Shimoga	119.28	129.89
Kozhikode	12.38	16.40
Disposal—Mangalore	65.78	272.69
Shimoga	130.66	128.01
Kozhikode	7.99	18.49

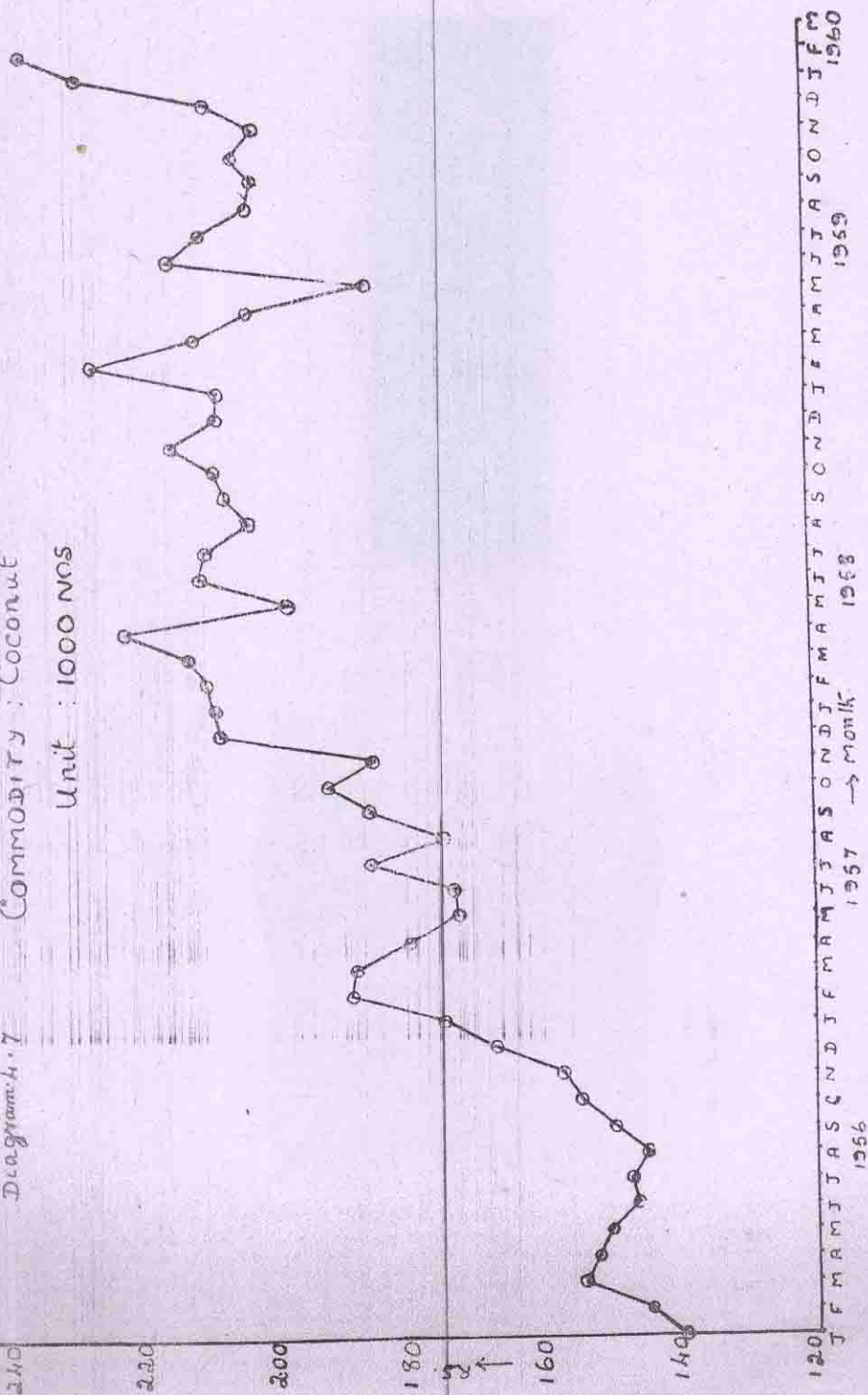
Coconut & Coconut Products.

4.39. Kerala is the most important coconut producing State in India. Other States producing coconut are all the Southern States as well as Bombay, West Bengal, Orissa and Assam. The following table shows the growth of coconut production in India and Kerala :—

AVERAGE PRICES.

Diagram 4.7 Commodity : Coconut

Unit : 1000 NOS

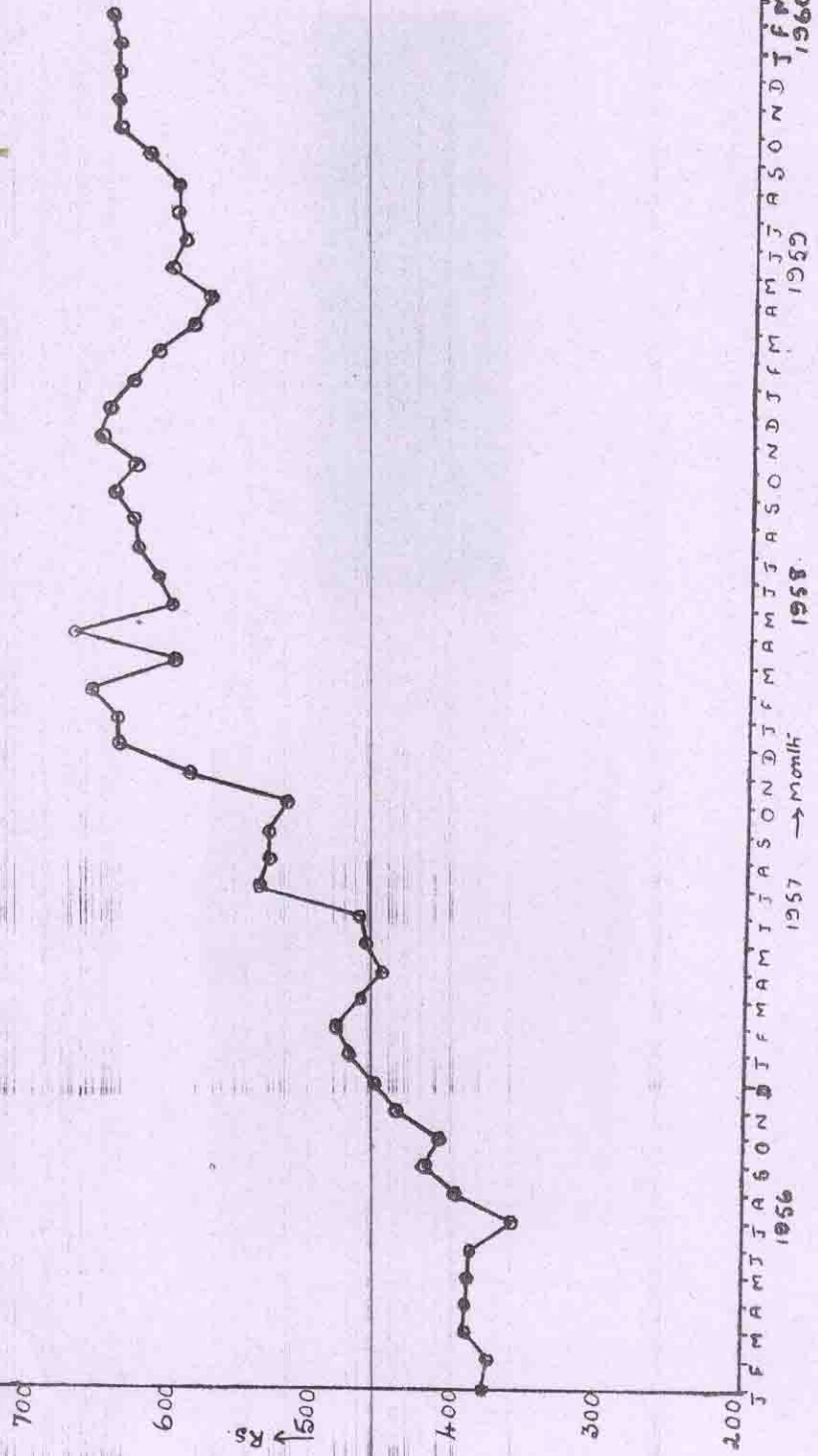


AVERAGE PRICES

Diagram. 4.8

COMMODITY : Coconut Oil

Unit : Candy



TABLE—4.31
Production of Coconut in India and Kerala
(Crores of nuts)

<i>Year (July-June)</i>	<i>Production in India</i>	<i>Production in Kerala</i>
1950-51	333.2	203.0
1953-54	413.1	271.3
1954-55	415.1	274.1
1955-56	436.9	309.9
1956-57	442.1	318.2

India occupies the second position in the world as producer of coconut, the largest production being that of Philippines. Indonesia, Malaya and Ceylon also produce large quantities. But despite the position India occupies in coconut production, her consumption of it is so high that she is actually a net importer of coconut and coconut products. The present deficit is estimated roughly at 25 to 30 per cent. India imports coconut mainly from Ceylon and Malaya. From within India the largest supply of coconut to the rest of India comes from Kerala.

4.40. The table below gives the average price of coconut and coconut products at Cochin over a number of years.

TABLE—4.32

<i>Year</i>	<i>Coconut (Rs. per '000 nuts)</i>	<i>Copra (Rs. per candy)</i>	<i>Coconut oil (Rs. per candy)</i>	<i>Coconut oil cake (Rs. per candy)</i>
1956	151	280	406	90
1957	184	356	521	103
1958	210	433	643	112
1959	211	426	631	119

Until the end of 1958, prices of coconut and coconut products displayed an upward trend through the extremely heavy seasonal fluctuations that usually characterise their price curves. (See Diagrams 4.7 and 4.8) The average price level of coconut oil cake in 1959 has been slightly above that in 1958. But for coconut, copra, and coconut oil the levels have been either slightly lower

than or about the same as those in 1958. Coconut and coconut products show a distinct seasonal pattern in their price fluctuations. There is an annual cycle, with the peak between November and February and the trough between April and July. The pattern is the most marked in the case of coconut oil cake and the least in the case of copra. In 1959 trough of April-July was not reached by the price curves of coconut and coconut oil cake. In the first case the curve has continued to dip until the month of November; in the latter case a trough was reached in April but the further price rise stopped since July and since then prices have been fluctuating at about the same level. In the curves for copra and coconut oil the pattern is just discernible but is not accompanied by the usual upward trend.

4.41. The following table shows that the import of copra and coconut oil has been very much less in 1959 than in 1958.

TABLE—4.33
Import of coconut oil

Year	Copra (tons)	Coconut oil (tons)
1958 (Jan-Oct.)	88,208	6,670
1959 (Jan-Oct.)	76,554	2,643

This cannot be explained by saying that demand for coconut products is falling. As a matter of fact they are rising. Between January and November of 1959 the consumption of Coconut Oil in the manufacture of Vanaspati has been 129 tons whereas that in the corresponding period of 1958 was only 106. This is an index of the rate at which demand for certain coconut products is growing. It must therefore be concluded that the reduction in imports has been made possible by increased internal production.