

Desiccated coconut (DC) is the main coconut based product in Sri Lanka. Desiccated coconut industry has thrived profitable for more than 100 years. Sri Lanka ranks as the second largest DC exporter in the world, providing approximately thirty per cent of the world demand. This study was designed to determine the constraints faced by the Desiccated Coconut industry at present. A survey was carried out in 30 DC mills in Gampaha and Puttalam, the main DC producing districts in Sri Lanka.

Results indicate that the industry still maintains its profitability. However, production is substantially affected due to inadequate supply of fresh nuts. Shortages of fresh nuts lead almost all the factories to stop operations during slack months and to work below potential during the rest of the year.

Fragmentation of coconut lands poor quality of existing lands and high domestic use of fresh nuts are main causes of scarcity of nuts. Shortage of skilled labour is also a constraint faced by the industry. Employees seek alternative employment opportunities, as the fluctuating demand of Labour by the industry is a disincentive for them to adhere to work in DC mills. Marketing of products in the world market is becoming increasingly difficult as competitive countries maintain their cost of production at a lower level.

It is evident that all major constraints in the industry are related directly or indirectly with limited supply of fresh nuts. As increasing nut requirement for domestic consumption and lesser nut supply due to decreasing production, the present situation is likely to continue predicting that the future of DC industry in the country does not seem to be bright.

National policies should be formulated to address the issue of limited nut supply to the DC industry in order to prevent this adverse situation to maintain the viability of the industry.