

## Evaluation of marketing channels of coconut in the Matara district

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Although substantial progress has been achieved in technological improvements in the coconut sector, marketing was not emphasised as an essential element in Sri Lanka till recently. The gap between producer's price and consumer's price of coconut has been widening during the last two decades. This study focuses on the price spread and efficiency of different market channels of coconut products in Matara district.

Matara, Weligama, Dikwella, Akuressa, Kamburupitiya and Hakmana were selected for the study considering diverse cropping patterns and degree of urbanisation. Using the sampling method of *probability proportionate to size* (PPS), 120 growers and 45 intermediaries were selected for the study. Shepherd's Index of marketing efficiency and marketing margins were calculated as indicators of efficiency of marketing channels. Simple descriptive statistical methods and Chi-square analysis were used as analytical tools.

The study found significant relationships in the size of holdings, regularity of harvesting and yield. The highest cost component was the harvesting which accounts for 51.7 % of the total cost of production. Income derived from other products such as husks, shells etc, was negligible in the district.

The market efficiency index 1.625 of dominant market channel implied that the market channel was efficient for fresh nuts. The marketing shares of the producer, wholesaler and retailer were 66.6%, 17.5% and 20.9% respectively. The gross margin for grower (Rs.3.93 per nut) was sufficient to cover the imputed costs, and therefore, existing system of marketing was sustainable under existing prices (Rs.12.32 per nut). Moreover, the margin (Rs. 1.13 per nut) of wholesaler– the risk bearer – is also a perceptible amount to cover the imputed costs and the risk. However, the share of retailer of the consumer's rupee which was about 21 % was excessive compared to the contribution made by the retailer to the marketing functions. Scarcity of labour for harvesting and consequential high costs of harvesting were the biggest problems for the producers. Price fluctuation in the market due to different external forces was the major problem faced by intermediaries. It is recommended to find ways and means to utilise the by-products in order to increase the efficiency of marketing channels.

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