

## THE MARAWILA COCONUT PRODUCERS' CO-OPERATIVE SALES SOCIETY

By A.K. GUNAPALA,

*Publications Officer, Coconut Research Institute of Ceylon.*

Nearly two-thirds of the Coconut lands in Ceylon are owned by small holders. This fact has an important economic significance. It means that most of them would not be in a position to own machinery for cultivation practices and the production of coconut products. Facilities for transport, storage would be lacking. A large number of middlemen therefore creep into the industry. Apart from the small holders problem of not having enough capital to bring about the necessary improvements in their small plantations, there is a state of indebtedness among them. It is a common practice for small-scale land owners to obtain advance payment for the crops, which compels them to sell the crop at a price dictated by the dealer. In an economic set up of this nature the importance of co-operative action cannot be over emphasised. The Marawila Coconut Producers' Co-operative Sales Society is one of the most successful Societies of its kind. A study of its development and expansion is therefore useful.

### The Formative Period

The Society came into being in late nineteen thirties, a period of economic hardships caused by the unsatisfactory prices fetched by coconut products. The first step was the formation of the coconut credit society in 1939 for the limited purpose of giving loans to coconut producers in order to prevent them from getting indebted to coconut dealers. As initial capital they obtained a loan of Rs. 2,000/- from the Ceylon Coconut Board and utilized this money to advance credit to members. At the outset, membership was only 28 and the share capital was Rs. 141.50. It was no doubt a small beginning. Within a few months after the formation of the Credit Society, a Coconut Producer and Sales Society was formed, for the purpose of obtaining coconuts produced by members and manufacturing copra. Since then they have been manufacturing Estate copra and white copra. This was a step forward in the direction of eliminating one class of middlemen who purchased nuts for the manufacturing of copra. The 'Credit Society' and the 'Producers' and Sales Society' served more

or less the same group of members and functioned as separate identities for same time, but were amalgamated in 1940 to form "The Marawila Coconut Producers' Co-operative Sales Society".

The Marawila Society took the initiative in the formation of the Co-operative Sale Societies Union of Ceylon, to promote the export of coconut products manufactured by member Societies. Having first eliminated the local manufacturer by undertaking manufacture of coconut products, the formation of the Union had as its object to the elimination of the private exporter. A direct link between the producer and the foreign buyer was established with the formation of the Union.

The Second World War brought the Society under severe strains. Transport of products to Colombo became a severe problem. Bullock carts were engaged to transport copra to Colombo. The carts on their way back brought poonac for cattle raised by some members.

The War period however was not entirely unfavourable. The copra prices improved towards the latter part of this period and the members left a part of the income received from copra sales in the hands of the Society. Apart from these deposits, the members left fixed deposits in the Society. At the end of 1946, the total amount of deposits of both kinds was Rs. 35,729.60. In this year the share capital stood at Rs. 2,108.68, reserve fund Rs. 2,522.09, divisible profits Rs. 1,669.83. There were 89 members who owned 1,215 acres of coconut lands. It is evident that the Society has firmly established itself.

### Period of Expansion

Up to 1947, the Society was manufacturing only white copra and Estate copra. Desiccated coconut was fetching high prices during this period. The members realized that more profits could be made by turning coconut into desiccated coconut instead of copra. The capital necessary to establish a desiccated coconut factory was too heavy, for the Society to undertake this work. A loan of Rs. 150,000/- was obtained for this purpose from the Local Loan Development Fund. The Desiccated Coconut Factory established with this money went into production in 1948. Due to higher profits obtained by the sale of D.C. the nuts supplied by the members to the Society could be paid a higher price. The advantages members derived apparently have induced others in the neighbourhood to seek admission to the Society. In 1948 the membership increased from 69 to 123 and the total share capital from Rs. 2,520.68 to Rs. 22,026.98. The nett profit earned during this year was Rs. 151,050.13. The Society was in a position to solve the transport problem they had to face for a long period. They purchased 4 lorries during this year.

Year 1949 saw further expansion and progress. A white copra kiln, of the Pearson type, at the expense of Rs. 25,000/- and an office building at the expense of Rs. 20,000/- were constructed. Further more they paid back Rs. 30,000/- of the loan obtained from the L.L.D.F. The nett profit earned during this year was Rs. 130,575.82. In 1950, a boom year for Desiccated Coconut Industry there was a remarkable increase in the nett profits to Rs. 559,008/30. In this year the balance of the loan from L.L.D.F. was paid back. One-fourths of the profits to be distributed was converted to share capital thus increasing the share capital to Rs. 437,469.84 Oil and Fibre mills newly constructed went into production during this year. They were now producing a variety of products, as a result of which they were able to produce more of the article which fetched better prices.

There was a parallel improvement in the services rendered by the Society to the members. At first, seedlings were issued to members from a Nursery established by the Society under the instructions of the Coconut Research Institute. Later, seedlings were obtained from the Nurseries of the Coconut Research Institute and distributed among members. Payment for seedlings obtained could be made in instalments. Fertilizers too were supplied on a similar basis. Estate and household requirements were also supplied under easy terms of credit.

### Consolidation

The period from 1956 onwards was one of consolidating the achievements of the past. In a period of boom, they could afford to continue without paying much attention to organisational matters. Precautions had to be taken against possible economic difficulties in the period ahead. They carefully studied the process of production and introduced measures to eliminate the wastage of labour power and to use the machines to full capacity. There were further investigations to find the following :

1. Copra — D.C. parity.
2. Copra — D.C. equivalent.
3. Oil and poonac percentages.
4. Copra — D.C. price conversions.
5. Husk — Fibre percentages.
6. Average percentages of No. 1, 2 and 3 copra.

The information gathered by the above investigations had helped the Society a great deal in deriving the maximum economic benefit from their operations.



D.C. Factory of the Marawila Society.



Inside Factory. Sieving D.C. into Grades at Final Stage of Production.

The administrative set up had to change to cope with the new demands for greater efficiency, economy and larger business undertakings. A new building to house the Administrative Staff was constructed and costing was introduced into the system of accounting. New calculating machines were purchased.

Even though the main concern during this period was consolidation, the situation was far from remaining static. They were alive to the new changes taking place around them. The electrification of the machines in 1961, at a cost of Rs. 60,000/- was a major change, in the direction of modernisation. When the danger of Salmonella in Desiccated Coconut was brought to light, this Society was one of the first to bring about necessary changes to ensure safe production of D.C. free from Salmonella. Quick response to changes that are necessary, may perhaps be one of the causes for successful functioning of the Society in the face of fierce competition. The progress of the Society is further illustrated by the accompanying table. The figures given below give a fair indication of the position of the Society at the end of 1962—

1. Value of fixed assets and movables after deducting all depreciations as at 31.12.62 ..	Rs. 285,253.03
2. Reserved deposit in Banks as at 31.12.62 ..	Rs. 118,784.91
Investments in Shares as at 31.12.62 ..	Rs. 26,359.70
3. Other Solid Cash in business circulation as at 31.12.62	
Cash in Banks .. .. .	Rs. 136,458.23
Members and other Debtors .. .. .	Rs. 206,004.22
Stocks .. .. .	Rs. 48,695.46
4. Divisible Profits for the year 1962 .. .. .	Rs. 38,106.12
5. Contributions by members towards Capital Expenditure as at 31.12.62 .. .. .	Rs. 143,283.24

#### A Model Society

The remarkable progress of the Society, from very small beginnings to the status it holds today should arrest the attention of all interested in the Coconut Industry and Co-operative development. The principles of co-operation as applied to coconuts have successfully worked at Marawila, and should serve as an inspiration to other producers who should apply these principles for the successful consolidation of the coconut industry of Ceylon on a sound, stable basis.

**Growth and Expansion of the Marawila Coconut Producers' Co-operative Society.**

Year	Membership	Acreage	Share Capital	Net Profit	No. of Coconuts Supplied by Members	Turn Over			Net Cost of Production per pound of D/C. Excluding Cost of Nuts
						Desiccated Coconut lbs.	Copra Cmts.	Coconut Oil Cmts.	
1940	28		141.50						
1945	85		1581.78	2226.43					
1946	89		2108.68	668.85					
1947	69		2520.68						
1948	123	4984	22026.98	151050.13	3878133	1273706			7.15
1949	128	3932	28184.98	139575.82	5157706	1796639			11.37
1950	101	4306	40354.50	559008.30	8435325	2966729			9.00
1951	143	4424	42425.00	124568.85	8892206	2733845			6.88
1952	147	4629	435410.57	51196.29	10143663	3355321			6.00
1953	149	4366	437117.34	45835.96	8901459	2780008			5.44
1954	151	4500	437469.84	13818.04	8425800	2267401	11253	3044	6.01
1955	155	4545	437096.82	43539.40	9731798	2450538	13066	4004	5.64
1956	152	4531	437509.82	26876.69	8046081	2555122	5572	3355	4.93
1957	154	4403	438811.82	15836.86	7919874	2112907	6435	2324	3.78
1958	161	4261	439386.82	58538.48	7155087	2390842	1618	2340	2.16
1959	163	4352	434712.01	54085.21	9342677	2806855	2518	2634	4.35
1960	155	3960	437433.01	1898.70	8698547	2585738	7134	1833	5.40
1961	158	3798	438420.01	9856.45	8947411	1883122	14967	2220	7.08
1962	166	4009	438746.01	38106.12	10049918	3220287	6251	2246	

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