

COMMODITIES

COCONUT

The volume of coconut exports from Sri Lanka recorded a drastic fall in 1977. This was particularly so in the case of kernel products where in 1976 a 787.5 million nut equivalent was exported as compared with a 233.3 million nut equivalent in 1977, a drop of nearly 115 per cent. The largest fall was in the exports of coconut oil and in terms of value coconut oil brought in only Rs. 11.4 million in 1977 as against 184.9 million in 1977.

It was unfortunate that due to the general fall in production the country was not able to take advantage of the rise in the international market prices of coconut products. This was particularly so in the case of desiccated coconut which brought in a major share of the earnings of exports of coconut products in 1977. DC exports contributed as much as 63 per cent of all coconut earnings in 1977. Despite the fact that nearly 14 million metric tons less of DC was exported in 1977 the additional earnings from DC last year amount-

ed to about Rs. 134 million. The per unit export value of DC which was just under Rs. 4,000 a ton in 1976 exceeded Rs. 10,000 a ton in 1977.

Market prices at the Colombo sales also showed heavy increases last year. The average market price for DC moved up from Rs. 332 per kg. in 1976 to Rs. 593 per kg. in 1977; while the average price of poonac increased by 135 per cent from Rs. 727.55 per ton in 1976 to Rs. 1,715.81 per ton in 1977.

Exports, both volume and value wise, of almost all by-products showed an increase in 1977. Earnings went up from Rs. 117.8 million in 1976 to Rs. 180.7 million in 1977, an increase of Rs. 63 million. Earnings from coconut by-products which accounted for only 23 per cent of the total value of exports in 1976 accounted for as much as 35 per cent of all coconut exports in 1977. Coconut fibre products which contributed about 20 per cent of all earnings in 1976 increased their contribution to 30 per cent of total earnings in 1977.

EXPORTS OF COCONUT PRODUCTS 1976 AND 1977

	Jan. — Dec. 1976			Jan. — Dec. 1977		
	Volume (MT)	Value (Rs. thousands)	% of total value	Volume (MT)	Value (Rs. thousands)	% of total value
1. Coconut Oil	58,978	184,906	36.4	2,133	11,399	2.2
2. D.C.	45,454	189,894	37.4	31,597	323,350	62.5
3. Copra	1,245	7,136	1.4	276	2,188	.4
4. Fresh Nuts (Nos.)	7,232,080	8,126	1.6	—	—	—
5. Sub-Total Kernel Products	787.47	390.062 (mn. nut equivalent)	76.8	233.286 (mn. nut equivalent)	336.937	65.1
6. Mattress Fibre	47,882	38,563	7.6	51,997	52,576	10.2
7. Bristle Fibre	11,528	21,118	4.2	12,379	45,914	8.8
8. Twisted Fibre	25,085	32,567	6.4	28,135	47,249	9.2
9. Coir Yarn/Twine	3,254	7,106	1.4	2,081	6,803	1.3
10. Coconut Shell Charcoal	25,554	10,571	2.1	28,212	21,189	4.1
11. Coconut Shell Flour	833	474	.1	738	525	.1
12. Coconut Shells	1,992	435	.1	1,838	596	.1
13. Coconut Shell (Acti- vated Carbon)	436	2,285	.5	401	2,174	.4
14. Coconut Ekels	5,883	4,482	.9	2,513	2,268	.4
15. Other by-Products	—	230	.1	—	1,376	.3
16. Total Value of by-Products	—	117,831	23.2	—	180,670	34.9
17. Total Value of All Products	—	507,893	100.0	—	517,607	100.0

DEVELOPMENT

Cultivation Loans

The Central Bank of Ceylon has sounded a note of caution regarding the recent relaxation of lending criteria for agricultural loans in its review of the economy for 1977. In the January issue of the *Economic Review* we drew attention to the high rate of lending and to the falling rate of loan recoveries. It needs to be emphasised, however, that all the cultivation loans given by the People Bank's under the Comprehensive Rural Credit Scheme are covered on behalf of the government by a Central Bank guarantee (in the event of default) of upto 75 per cent, and refinance facilities upto 100 per cent at an interest rate of 1½ per cent a year.

The normal lending requirements of the State Banks were relaxed last year on a government directive. As far as the People's Bank is concerned its lending criteria has stood in good stead in the case of credit to the Co-operatives and the recoveries rate from the Co-op sector has been generally high for this reason. This was not so however, in the case of agricultural loans for the reasons given in our last issue. The People's Bank has over the last 15 years built up a network of co-operative rural banks centred round the multipurpose co-operatives and the deposit position of these co-operative rural banks, the number of depositors, the advances granted, the number of borrowers and amount given as pawn-broking advances, indicates the progress that these banks have made in the rural areas.

The Central Bank reveals that the amount of credit granted for paddy cultivation under this Scheme for the incomplete Maha 1977/78 season was Rs. 293/- million, the highest ever granted for any cultivation period. This was largely the outcome of a relaxation of lending criteria in August, 1977 for the following Maha season. The government directed the State Banks to land to past defaulters as well. Farmers had only to possession of land for cultivation. There was an expectation that intensive efforts will be made for recovery and that procedures would be tightened up from the next (1978) Yala season.