CROP DISPOSAL

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Computer.

"HOW shall I dispose of my crop—as copra or as nuts ex-estate ? " This is a question which a planter often asks himself after a pick. The planter when he thinks of crop disposal, looks at it purely from the point of view of income. He has to decide as to which is more profitable—to accept an offer from a buyer for nuts ex-estate or to manufacture copra and sell it at current market prices.

It is a well-known fact that buying and selling of commercial products, is a form of intelligent gambling, but for the purposes of this article, such intricacies of economics involving market trends, forecasts, etc., will be strictly avoided and it is intended only to deal with the simple comparative picture of the current market price of copra and its equivalent when nuts are sold, ex-estate. With this end in view, we provide here a simple formula and a graphical grid which makes it possible to make a rapid estimate of the price of nuts ex-estate corresponding to the current market price of copra. The price of nuts thus obtained would be the maximum price that a thousand nuts would fetch him if disposed of as good No. 1 Copra. Thus when confronted with the problem of crop disposal, higher offers for nuts ex-estate can be profitably explored.

Well, what is the income from copra equivalent to the disposal of 1,000 nuts ex-estate ? This price equivalent, though invariably dependent on the market price of copra, also depends on two other factors, namely (1) the quality of nuts from the point of view of kernel weight or copra output, and (2) the cost of manufacture of copra—namely husking, splitting, curing and bagging, etc. The quality of nuts is a highly variable factor whereas the cost of husking, splitting, etc., is more or less fixed at Rs. 4·50 per 1,000 nuts irrespective of the quality of nuts.

The generally accepted index of the quality of nuts is the number of nuts required to manufacture one candy of copra. This figure normally varies from 900 to 2,000 nuts and is referred to as the " out-turn." Where the nuts are very small it may be as much as 4,000 nuts per candy.

Thus if the market price of copra ex-estate, in rupees per candy (*i.e.* the market price in Colombo less the transport and the handling charges per candy), and the out-turn are known, one can estimate the equivalent price per 1,000 nuts ex-estate by using the simple formula :—

Price per 1,000 nuts ex-estate

$$= \text{(market price of copra ex-estate)} \times \frac{1,000}{\text{out-turn}} \text{ minus } 4\cdot50.$$

If, however, for a particular locality, the cost of husking, splitting, curing, bagging, etc., is different from Rs. 4·50 per 1,000, the respective figure for the locality may be substituted.

For those who are called upon to make snap decisions, the graphical grid here given should be very handy. The figure gives a series of graphs for market prices varying from Rs. 100/- to Rs. 300/- per candy, whereby one can determine, the price of nuts ex-estate for out-turns varying from 900 to 2,000 nuts.

Example

The fifth pick of Bandirippuwa Estate is for disposal. Suppose the market price of copra in Colombo is quoted as Rs. 141 per candy. Then deducting Rs. 3.50 (the transport and handling charges per candy of copra from Bandirippuwa Estate to Colombo), we are left with Rs. 137.50 as the nett market price of copra ex-estate. From past records, we know that the " modal " average (or the most frequent value) of the out-turn for the fifth pick on this estate is 1,150 nuts per candy. For these values, viz. the market price of Rs. 137.50 (nett) per candy ex-estate and the out-turn of 1,150 nuts per candy, the exactly equivalent price for nuts, ex-estate, is indicated by the graph to be Rs. 115. This now enables us (the coconut grower) to accept promptly any offers for nuts ex-estate over and above Rs. 115 per 1,000 nuts—or conversely we can profitably engage in copra production if the offer for nuts is less than Rs. 115.

The above is just an example which presupposes a knowledge of the prevailing out-turn on the estate. This out-turn may vary from block to block, from pick to pick as well as from year to year; or it may be the result of these factors interacting among themselves. The enterprising planter can make a study of the pattern of variation of the out-turn for his estate with interest and profit to himself.

A PRICES GRID FOR COCONUTS

MARKET PRICE OF COPRA EX-ESTATE (Rs. / Candy).

PRICE OF NUTS EX-ESTATE (Rs. / 1000 nuts)

CONVERSION RATE
(Out-turn in Nuts / Candy)